

## **'Americanise or bust'**

### **Contradictions and challenges of the imperialist project of European unification**

*By Michael Pröbsting*

*Note by the Editor: The following document is a slightly abridged translation of a German-language pamphlet which comrade Michael Pröbsting wrote in 2004. It was first published as a pamphlet of the Austrian section of the League for the Fifth International (LFI). It was republished in the German-language Journal of the LFI "Revolutionärer Marxismus" No.35 in 2005. It was translated and published in the same year in "Fifth International" Vol.1, No.2 (the English-language journal of the LFI).*

*Comrade Pröbsting – a member of the international leadership of the LFI – was bureaucratically expelled from this organization in April 2011 together with other comrades a few weeks after they formed a faction in opposition against the increasing centrist degeneration of the LFI. The expelled comrades built immediately after their expulsion a new organization and founded together with sister organizations in Pakistan, Sri Lanka and the USA the Revolutionary Communist International Tendency (RCIT) in April 2012.*

*We republish this document because, while it was written nine years ago, its fundamental analyzes of the inner contradictions of European imperialism are still valid and have been proven correct.*

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The United States rules the world economically, politically and militarily. Michael Pröbsting analyses the pressure on the European imperialist powers to form a bloc to challenge US supremacy. Europe is "broadening"; but can it "deepen"?

The most fundamental feature of the capitalist world economy today is its tendency towards stagnation, a function of the over-production of capital and commodities and the tendency of the rate of profit to fall.

Over the past two decades, a relentless neo-liberal offensive (drastic attacks on the working class and the marginalization of the semi-colonies) and a number of technological revolutions have not been enough to infuse capitalism with a new growth dynamic. Quite the opposite: capitalism in its present stage, globalization, is characterized by a tendency to stagnate.

**Table 1: Growth rates of World Gross Domestic Product per head (in %) (1)**

1960-1969:	+3.7%
1970-1979:	+2.1%
1980-1989:	+1.3%
1990-1999:	+1.1%
2000-2003:	+1.0%

While annual world output, measured in Gross Domestic Product (GDP), grew by 4.9 per cent between 1950-1973, on average, it slowed down to 3.0 per cent between 1973-1992 and 2.7 per cent between 1992-2001. (2)

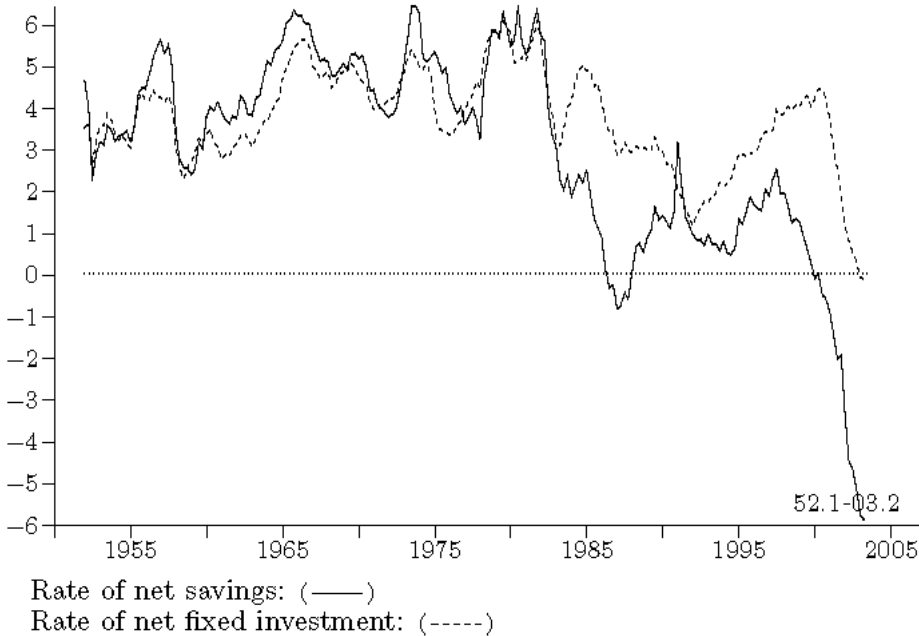
The same development can be observed in the imperialist world. (see table 2)

**Table 2: Average annual GDP growth and GDP growth per head 1973-2003 in the imperialist world (in percent) (3)**

	<b>Euro Zone</b>	<b>USA</b>	<b>Japan</b>
<i>GDP Growth 1973-1990</i>	2,3	3,0	3,8
<i>GDP Growth 1990-2003</i>	2,1	3,2	1,1
<i>GDP Growth per head 1973-1990</i>	2,0	1,8	3,0
<i>GDP Growth per head 1990-2003</i>	1,7	1,6	0,9

In the past two decades, the accumulation of capital has remained depressed, never regaining the heights of the 1950s and 1960s and dropping very sharply at the turn of the century. In the USA, non-financial corporations suffered a clear decline in the accumulation of capital. During the 1960s and 1970s, the growth of the stock of fixed capital fluctuated between 3 and 4 per cent; since the 1980s, it has declined to around 1.5 per cent and lower still at the end of the century. (See figure 1)

**Figure 1. Ratios of net savings and net fixed investment to NDP (%): total US economy (4)**



Fixed investment is that of enterprises (private domestic, fixed, non-residential investment), and savings are the excess of domestic income over all other expenses.

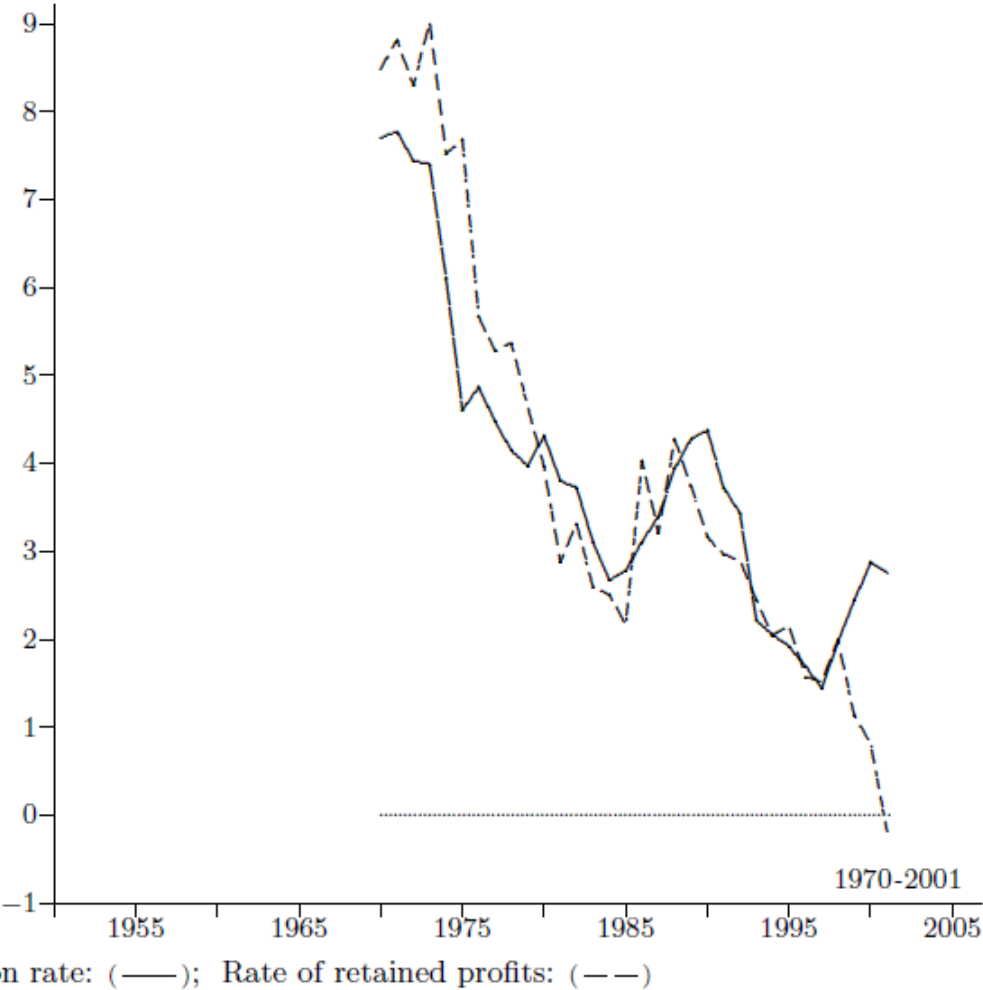
Source: NIPA (BEA); Flow of Funds (Federal Reserve).

This is not an exceptional US phenomenon; it can also be observed in imperialist Europe. In a recent paper, the French Marxist economists, Gérard Duménil and Dominique Lévy, showed a similar decline of capital accumulation in France (See Figure 2):

*“The size of the fall is already large in the US. In France, it was even more spectacular. Both the profit rate in this measure and the rate of accumulation fell from 8% in 1960 to 1 or 2%, or less, just after 2000. The structural wave of unemployment in France originated from this collapse of investment.”* 4 As a result the parasitic (i.e. non-productive, speculative) characteristics of imperialism have grown to extraordinary proportions.” (5)

This contradicts the widespread opinion among left-wing (and bourgeois) academics that European capitalism is fundamentally different from its North American counterpart (the “Rhine”, versus the “Anglo-Saxon”, model). While the latter is said to be speculative, parasitic and debt-ridden, the former is seen as productive and healthy.

Figure 2. Rate of retained profits and accumulation rate (%): France, non-financial corporations (6)



Accumulation rate: (—); Rate of retained profits: (— —)

In fact, while there obviously are differences between the US/British economies on the one hand and the French/German economy on the other, the similarities are far more important. For example, in both the US and France, the share of profits distributed as dividends to shareholders has risen to 90-100 per cent i.e. the share of retained profits is getting close to zero! Another element of this growing parasitism is the exploding indebtedness, not only of the state but also of companies and consumers. (7)

### **Falling behind the USA**

While this fundamental trend on both sides of the Atlantic has to be taken into account, it is equally important to see the strengthening of US capital compared to its European competitor during the past decade. Let us first look at some basic facts. While the European Union had a bigger population than the United States even before the new clutch of members joined in 2004, it was still economically weaker (See Table 3 and 4).

**Table 3: Population and GDP; USA und EU-15 in the year 2000 (8)**

	<b>USA</b>	<b>EU-15 (EU-25)</b>
<i>Population (in millions)</i>	282	388 (455)
<i>GDP (2002, in billions US-Dollar)</i>	9.837,4	7.874,8
<i>GDP per head (in US-Dollar)</i>	34.900	20.800

**Table 4: Share of World Population and GDP; USA und EU-15 (9)**

	<b>USA</b>	<b>EU-15 (EU-25)</b>
<i>Share of World Population</i>	5%	6% (7,4%)
<i>Share of World GDP (in US-Dollar)</i>	31,2%	25%

As one can see from these numbers, the United States is not only economically bigger than an enlarged European Union but also possesses a much more productive economy. In the year 2001 - i.e. when the US was in full recession - its GDP per capita was 40 per cent higher than that of the 15 EU states. This advantage will become substantially bigger now the 10 new states have joined the EU this year since their industrial development is far behind the imperialist economies of Western Europe.

US dominance is even more impressive among the biggest 100 multi-nationals. Fifty-seven are of US origin, only 30 from Europe. Of the top 10, only the eighth and ninth are European (BP and Shell). Of the top 1,000, 488 are based in the US, only 273 in EU countries (among them 77 British, 48 French and 35 German). (10)

EU companies have fallen further behind during the last decade. As one can see from table 2, while GDP growth in the Eurozone was 2.3 per cent (1973-1990) and 2.1 per cent (1990-2003) it was 3.0 per cent and 3.2 per cent respectively for the USA.

Also, US firms exploited their workers more than their EU counterparts in the 1990s as evidenced in the greater productivity performance. (see table 5)

**Table 5: Average annual Growth rates of labor productivity (GDP/worker) in percent; USA and Euro Zone 1969-2000 (11)**

	1969-79	1979-90	1990-2000
<i>USA</i>	1,3	1,15	1,8
<i>Euro Zone</i>	3,2	1,9	1,6

Another indicator is the rising share of US firms in world trade while, at the same time, the share claimed by EU rivals fell away. In 1991, the EU had a 15 per cent share of world exports and 17 per cent of world imports. By 2001, this share had declined to 14.8 and 15 per cent respectively. For the US, the corresponding figures are 14.7 per cent (exports) and 12.5 per cent (imports) in 1991 and 19 and 12.3 per cent in 2001. (12)

### **A second look at the US economic advantage**

However, to find out why Europe lags behind economically it is necessary to look more deeply. We have shown that US imperialism is not only economically more productive than the EU but that its output also grew more in the 1990s.

So, for example, US GDP per head is 40 per cent higher than that of the 15 EU states. But, if one looks at the productivity per hour worked, the picture looks very different. Eurozone's GDP per hour is 96 per cent of the US level. The picture becomes even clearer when it comes to individual nations. (see table 6)

**Table 6: GDP per working hour as a share of the US level 2001 (13)**

<i>Belgium</i>	107
<i>France</i>	106
<i>Germany*</i>	96
<i>Italy</i>	84
<i>UK</i>	82

*\*Germany includes the less productive Eastern regions; Western Germany itself would be more productive than the USA*

In the rate of growth of GDP per hour worked, while the US caught up to a certain degree in the 1990s, Europe still grew faster. (see table 7)

**Table 7: Annual average Growth of labor productivity in the economic sector (in percent); USA and Eurozone 1973-2003 (14)**

	<b>Eurozone</b>	<b>USA</b>
<i>Productivity per hour 1973-1990</i>	2,9	1,2
<i>Productivity per hour 1990-2003</i>	2,0	1,8

A study by Credit Suisse First Boston showed that real annual Net Domestic Product, per hour, grew between 1992-2002 in the USA by 1.1 per cent on average but by 1.4 per cent in the Eurozone. (15)

What we can see is that European capital is clearly not behind the US in terms of efficient use of the labour time of its workers. But - and this is a very big "but", the US bosses have succeeded in massively increasing the extensive use of labour.

### **Higher rate of exploitation in the USA**

In short, US workers are forced to work many more hours than their EU brothers and sisters and more of the available workforce is actually employed than in Europe.

First, the number of working hours. In 2000, US workers spent 1,877 hours at work, compared to 1,480 for German workers (i.e. 22 per cent less), 1,562 for French (17 per cent less), 1,634 for Italians, and 1,708 for British. In nearly all imperialist countries, workers have been able to cut their annual hours at work over the last 25 years; but not in the USA. Between 1979 and 1999, the average US worker's working year lengthened by 50 hours or nearly 3 per cent. In the same period, the average German working year shrank by 12 percent. As the left-wing US economist Richard B. Du Boff notes: "*In fact the average worker in the US now spends more time working than he or she did in 1950.*" (16)

But the individual worker in the US not only works more hours. He or she is also paid less than in the past. Between 1973 and 1999, real hourly wages for US workers - particularly thanks to the massive growth of low-wage, service sector jobs - declined by more than 15 per cent. (17)

In the manufacturing sector, real hourly wages rose between 1984 and 1999 by a meagre 8 per cent, while in Germany they grew, in the same period, by more than one-third! As Robert Brenner noted: "*Even by 2000, real hourly wages for production and non-supervisory workers were still palpably below, and the poverty rate above, their 1973 bests.*" (18)

Indeed, by 2001, average weekly earnings of production or non-supervisory workers on private non-farm payrolls (in 1982 constant dollars) had regressed to their 1962 level.

Added to this is the lack of a government-backed social welfare system in the USA. While most of Europe - despite all the counter-reforms of recent years - still has viable state pension provision, health care and unemployment benefit, this can hardly be said about the USA. For example, in the United States the bottom half of the labour force does not have a retirement plan. (19)

In short, the American bourgeoisie managed to enact a historic re-distribution of income from wages to profits. In the period 1947-1979, growth in family income was relatively similar for all groups of the population at between 94 and 120 per cent. However, in the period 1977-1994, and even more in the late 1990s, family income declined for the majority but grew dramatically for the richest one per cent (up 72 per cent!). Today, the richest one per cent owns 40 per cent of wealth, a share which was higher at only one other time since the first world war - 1929. (20)

Furthermore, the US bourgeoisie has succeeded in forcing workers to take whatever job they are offered and to go into retirement later. *"Between 1973 and 1998, the percentage of the American population in employment rose from 41 percent to 49 percent. But in Germany and France the percentage fell, ending up at 44 and 39 percent."* (21)

To put it in Marxist terms the US bourgeoisie might not have succeeded in raising the relative surplus value more than its European counterpart but it was able to weaken the working class so much that it could raise the absolute surplus value much more.

In addition to this, every year, the United States, as the richest power in the world, succeeds in attracting millions and millions of new, often young, immigrants, unsure of their status, devoid of unions and ripe for super-exploitation. While 10.9 million immigrants entered Western Europe between 1974-1998, the figure was 16.7 million immigrants for the USA - a country with a substantially smaller population. So, while in 1970 4.8 per cent of US residents were foreign-born, this share had increased to 9.7 per cent by 1999.

In addition, one has to take into account the enormous demographic advantage of the United States. Because it is country of high immigration, it has a younger population than Europe. In the Eurozone, 16.5 per cent of its population was aged 65 or more in 2000; but the share of this age group was only 12.5 per cent in the United States. According to forecasts, the employable population of the EU will decline by 5 per cent in the next 25 years.

Finally, the class struggle is also a factor. While, between 1992-2001, US workers went on strike for fewer than 50 days per 1,000 employees, this figure was between 80 and 120 days in Denmark, Italy, Finland, Ireland and France and 271 days in Spain. On average, workers in the EU went on strike 150 per cent more than their US brothers and sisters.

Added to this is the much greater organisational strength of the European workers' movement. Of course, in Europe, the organisational strength of the unions varies from country to country and one has to take into account that the formal numbers of union membership do not tell one everything about the fighting capacity of the workers' movement. In Spain and France, in the 1990s, for example, union density was only 13.5 per cent and 12.2 per cent respectively but both countries possessed a very militant working class.

It is telling that, despite the decline of union membership in the last 25 years, more than 30 per cent of European workers are still members of unions while in the USA the figure is only 13.4 per cent and, in the private sector, it is only 9.4 per cent, the worst rate since 1902. (22)

In the words of a leading British pro-imperialist ideologist, the historian Niall Ferguson, the advantage for the US bourgeoisie compared to the European bosses lies in the following:

*"... the real reason that the American economy has surged ahead of its European competitors in the past two decades [...] is simply that Americans work more. Europeans take longer holidays and retire earlier; and many more European workers are either unemployed or on strike."* (23)

### **The formation of the European Union as an economic bloc**

In many ways "Europe" is an abstraction when we compare it as an entity with the United States. In reality, European capital is not a homogenous bloc - not politically, not militarily and not even fully economically.

At first sight, integration of the EU 15 as an economic bloc has developed slower than globalisation worldwide. The EU has expanded its trade with the rest of the world faster than its internal trade between member states. Intra-EU trade as a share of the whole EU trade has decreased from 64.0 per cent in 1995 to 61.6 per cent in 2002 in exports. It's a similar picture for imports. (24) However, if one looks at the direction of external EU trade it becomes clear that more than 15 per cent of the extra-EU exports and 13 per cent of extra-EU imports respectively went to, or came from, the 10 EU candidate countries which joined this year. Therefore, this extra-EU trade has to be seen in reality as part of the process of EU integration.

Having said this, it also has to be noted that EU exports to the United States have increased in the last decade although imports have declined: From a share of 21.2 per cent of extra-EU exports (1990) to 24.3 per cent (2001) while slightly decreasing its share of extra-EU imports from 20.8 per cent (1990) to 19 per cent in extra-EU imports (2001). (25) Russia and China have also gained in importance as trading partners for European capital – particularly its strongest nation, Germany.

### **The challenge of unifying imperialist Europe**

To understand the kind of attacks the European working class will face in the coming period it is essential to grasp the challenges facing the bosses. Against a background of economic stagnation, competition between multinational firms increases massively. This leads to the need for stronger political and military ties between national governments and "their" monopolies.

The USA has been by far the most successful capitalist power - the undisputed world's leading power. And it has succeeded in putting other imperialist states "on rations", to use Trotsky's phrase. The US subordinates its rivals or makes their opposition more or less irrelevant, as could be seen in their Afghanistan and Iraq wars.

However, the situation cannot remain completely static. American power seems to be unsurpassable at a military level and it is also a superpower in the world economy but Europe cannot afford to let matters rest there. As a result, Europe's leading powers, Germany and France, are collaborating to



turn the EU into an alternative superpower, one independent of the USA. Along this road, however, they are forced to make repeated compromises with Washington as well as with reluctant or oppositional states inside the EU.

The central, strategic task of the European bourgeoisie is, therefore, to take forward the formation of the EU as a strong challenger to the US empire on the world stage. For this it has to make a qualitative step forward towards a more economically competitive, politically unified and militarily independent (from the USA) entity that is capable of challenging the US empire.

### **Defeating the working class**

The most important task for the European bourgeoisie in reaching this goal is to defeat the working class. European capital has to raise the rate of exploitation of labour substantially if it is to out compete the US giants. It has to emulate the enormous successes Reagan, Clinton and Bush Senior had in the 1980s and 1990s. This is not to deny the, often successful, neo-liberal attacks of the European bourgeoisie so far. But they fell far short of what would be necessary to catch up with the US.

So the central task of the European bourgeoisie is to lower labour costs drastically, extend the working week and working lifetime, and make workers work harder while at work. This implies several attacks. First, wage levels will have to be pegged; second, the costs of providing social welfare (i.e. unemployment benefits, pensions, health insurance) which are substantially born by employers or the state in much of Europe, will have to be ditched or the costs of maintaining them shifted onto the working class.

Since Europe is the continent with the best organised and, in this sense, most powerful working class movement, the bosses will not be able to erode wage levels and social gains without substantially weakening the organised workers' movement, particularly the trade unions.

### **Creating a pan-European capital**

Substantially raising the rate of exploitation is the essential pre-condition for any strengthening of the European bourgeoisie on the economic, political and military field. But it is only a pre-condition, not sufficient in itself.

As we have shown above, European monopoly capital is far behind its US competitor in the world arena. True, there has been a significant process of centralisation and concentration of capital in Europe. As a result, the monopolies increased their weight in the EU. Furthermore, German and French corporations have grown at the expense of the British and Italians. Together, the German and French monopolies make up for more than 58 per cent of the turnover of the top 100 corporations. (26)

However, European capital is still much weaker than US and this is because there is still no pan-European capital. Capital is still defined as "German", "French" and so on rather than "European".

We identified this problem for the European bourgeoisie in the early 1990s. (27) Since then there has been no general progress. The partial exception is the European air and defence industry where the

imperialist states have agreed to cooperate and together built the Airbus, Eurofighter and other projects.

This points to an important conclusion. The process of European unification cannot be a “spontaneous” process - either on the political or on the economic level. Left to the market there will be no spontaneous emergence of a pan-European capital. We do not live in a period of rising capitalism where nation states are formed and capital first and foremost expands with them. We live in the era of globalisation and neo-liberalism. Left to the market, the process of Europeanisation of capital would be constantly disrupted and negated by mergers and acquisitions carried out by Japanese or US companies.

Today, in the imperialist epoch, under the conditions of global capitalism with its enormous competition and rivalry, any organic formation of trans-national capital is an illusion. Let’s not forget: the most multinational capital blocs are those of the leading world powers - the Americans and, on a smaller scale, the British, as the former leading world power, who were able to open the markets with their huge combined economic, political and military power. Such a process is impossible inside the European union. No power is strong enough to enforce its will and subordinate the others.

So, European unification and the creation of pan-European capital have to be the result of a conscious intervention by a pan-European imperialist state apparatus. However, that, too, has first to be created and since, unlike any other state, it will not be the political instrument of an already existing ruling class, rooted in a national society, its creation can only result from the conscious decision of the existing imperialist states within the EU. That requires at least the major powers to each accept that its own interest lies in ceding power to the higher, pan-European body. Only the certainty that the alternative would be economic ruin could force them to this decision and, thus, it is precisely the overwhelming superiority of the US, by comparison with any individual European power, which is the principal unifying force in European politics.

The need for a unified political EU state apparatus becomes even more evident if one looks at the meagre role Europe plays in world politics, not to mention its inability to play any role as a world policeman or to impose its interests around the globe.

### **Formation of an imperialist EU state apparatus – the new Constitution**

For all these reasons, the more far-sighted of the European ruling classes are forced to try to create a unified European state apparatus, to lead the EU as an alternative superpower, and to push through their attacks on the working class. The draft constitution is a central tool for laying the framework for the coming bosses’ attacks.

The draft constitution makes clear that neo-liberal doctrine is the economic policy framework of the EU: *“Member States and the Union shall act in accordance with the principle of an open market economy with free competition.”* (28)

It forms the legal basis for a European state structure above the national states. It leaves no doubt as to where power will lie in future. Article 1.10 reads: *“The Constitution and the law adopted by the institutions of the Union exercising the competences that have been conferred on it shall have primacy over the law of the Member States.”*

All the national legislatures and constitutions, all the national labour codes, collective bargaining agreements etc. would therefore be subordinated to EU directives.

In addition, every member state will be bound by any international agreement signed by the European Union with the International Monetary Fund or the World Trade Organisation: *"The Union is granted a judicial personality"* (article I-6.)

And again in article 1-9 and 1-10 the constitution declares as one of its *"fundamental principles"*, the *"principle of subsidiarity"* which means not that measures will be enacted at the lowest level of the political structure commensurate with their purpose but that: *"The Member States take all general or particular measures to ensure the execution of the obligations brought about by the Constitution or resulting from the Union's Institutions' acts"*.

Now, what lies within the competence of the EU and what is in the competence of the national member states? The draft Constitution defines what is called *"exclusive competence"* for which only the EU *"can make laws and adopt acts that are judicially binding, Member States being able to do so by themselves only if so empowered by the Union for the implementation of acts adopted by the Union"* (article I-11) This concerns *"the monetary policy for the Member States which have adopted the euro, common commercial policy, customs union, the conservation of marine biological resources under the common fisheries policy."* and *"concluding an international agreement"* (article I-12)

Then there is the category of *"shared competence"* for which *"Member States exercise their competence which does not refer to areas referred to in articles 12 and 16"*. These concern *"internal market, the area of freedom, security and justice, agriculture and fisheries excluding the conservation of the marine biological resources, transports and transeuropean networks, energy, social policy defined in part III, economic, social and territorial cohesion, environment, consumer protection, common safety concerns in public health matters"* (article I-13)

Add to this the EU task of *"coordination of social and employment policy"* and foreign policy and defence: *"The Union's competence in matters of common foreign and security policy and all questions relating to the Union's security including the progressive framing of a common defence policy which might lead to a common defence. Member States shall actively and unreservedly support the Union's foreign and security policy in a spirit of loyalty (...) They shall refrain from actions contrary to the Union's intents or likely to impair its effectiveness"* (article I - 15)

What remain as competence areas for members states are, we quote article I-5, the *"State's fundamental functions, essentially those for ensuring the territorial integrity of the state, for maintaining public order and safeguarding internal security"*. In other words, national states would shrink to the sole function of domestic repression.

The breakdown, in December 2003, of the Intergovernmental Conference (IGC) was caused by differences about the share of seats in the Council of Ministers. This deflected public attention from the much more fundamental policy coup. We are not dealing with a simple transfer of political power from national states to a new European state structure. The draft constitution represents de facto a *"supranational Bonapartist project"*.

The new power centre of the EU state apparatus is to be the European Commission (EC): *"European laws and European framework laws shall be adopted on the Commission's proposal, jointly by the European Parliament and the Council of Ministers."* (Article I-33) Article I-25 makes it explicit: *"A Union legislative act can be adopted only on the basis of a Commission proposal."*

To be absolutely clear: it is the European Commission and no one else which is to be empowered to present draft legislation to the European Parliament. This makes the power of this parliament closer to that of the Russian Duma under the Czar than to a modern bourgeois parliament. The only exception to this is that, *"If they gather one million signatures from different countries, the citizens of the Union will have the right to ask the Commission to write a European bill."*!

In effect this means that, with the new constitution, there will be a massive concentration of power in the European Commission. The European "Parliament" then only has the right to agree or disagree with it. However, here again, one has to take into account the general framework of the constitution which has already established the framework for a neo-liberal and militaristic policy.

Now, how is this EC established? *"The European Council (...) shall put to the European Parliament its proposed candidate for presidency of the Commission. This candidate shall be elected by the European parliament by a majority of its members."*(Article I-26). Then the president of the Commission appoints 13 commissioners, chosen from a list of 75 devised by the Member States as well as other commissioners.

Under whose control will the European Commission be? The draft constitution is unambiguous: *"In carrying out its responsibilities, the Commission shall be completely independent. In the discharge of their duties, the European Commissioners and Commission shall neither seek nor take instructions from any government or other body."* (Article I-25). While *"the European parliament can adopt a censorship motion of the Commission"* for such a motion to be adopted *"the motion of censure [must be] carried by a two-thirds majority of the votes cast"* (article III-243)

So, in effect, the new Constitution creates an imperialist EU state apparatus on the basis of bourgeois parliamentarism but with a strong Bonapartist element in the form of the European Commission.

While the Constitution and the new EU structures will not entirely overcome the national states. Inside the Commission, the Council and the parliament there will still be a tug-of-war over national interests but it represents, nevertheless, a substantial step forward in the formation of a supra-national European state apparatus.

### **To beat America, Europe has to act like America**

A similar fundamental change can be observed in the field of foreign and military policy. Chirac and Schröder opposed the Iraq war not for altruistic reasons but because it increased the power of US imperialism. Indeed, Europe's ruling classes clearly see its role not as a regional player which can rely on the USA as a world policeman but as an independent global player.

The fight against terrorism is the ideal pretext for this. The new world view of Europe's rulers becomes evident in a speech the EU High Representative, Javier Solana, gave in January 2004:

*"Responsibility has a global dimension too. Terrorist and criminal networks have a global reach. We can only tackle them effectively if we think, and act, globally. Most of the heroin sold in Europe originates in Afghanistan. Our internal and external security needs are indissolubly connected. If we want to protect our citizens at home, we have to be prepared to act effectively abroad. Prevention is at the heart of our approach."* (29)

Speaking against the unilateralism of the Bush administration in diplomatic terms he said: *"I believe that our future security will depend more, not less, on an effective multilateral system, a rule-based international*

*order and well-functioning international institutions. Multilateralism is not an instrument of the weak. It is an instrument of the wise."*

So it is no surprise that, for example, the new security doctrine of France reserved the right of the former colonial empire to exercise "pre-emptive strikes" if necessary. The influential German conservative think tank "Konrad-Adenauer-Stiftung" recently published a document with the telling title "*Pre-emptive Strikes*" arguing the need to recognise that new threats demand a new military doctrine in the form of "pre-emptive strikes". (30)

However, to become a power of a similar size to the USA, Europe needs to overhaul its military policy. While the USA spends more than 4 per cent of its GDP on "defence" the EU only spends 1.5 per cent of a smaller GDP. It also lacks the necessary professional forces, equipment and legitimising doctrines. In addition, there is much more opposition from the working class and the youth to military adventures.

The new constitution itself is clear in strengthening the military role and capabilities of the EU. Militaristic armament becomes a constitutional foundation of the Union: "*The Member States shall undertake progressively to improve their military capabilities.*" (Article I-40) Clearly one has to expect in the coming years a combination of massive cuts in social services and a massive rise in military expenditures.

Furthermore, the draft constitution empowers the EU to "*enforce interventions in the context of crisis management*" It allows for military interventions in third states to "*fight terrorism*". And it allows for the use of the European forces inside the union if the "*interests and values of the union are in danger*" (!) (Article 1-40)

As in many other areas, neither the European, nor any national, parliament has any decisive say in the military interventions of the European Union. The decisions are made by the Council of Ministers.

The EU was even more explicit in its resolution at the Athens summit in summer 2003. There it adopted a new military doctrine which allows the European version of a "pre-emptive strike" strategy.

The constitution also envisages a centralisation of military efforts. Concretely, it wants to establish a Defence Agency to ensure more co-ordinated defence investment and research and development efforts.

However, the draft constitution itself represents a compromise between the German-French bloc and the pro-Atlantic forces on the question of European military independence from the United States. It explicitly situates the EU's common defence policy within NATO but, at the same time, allows individual states to form separate military bodies.

It is clear that Germany and France are determined to push forward the formation of an independent European military policy. The creation of an intervention force of 60,000 soldiers that can be put into the field within 60 days was a first step in this direction. And the ARTEMIS operation in the Congo was a test of operational capacity.

Part of this re-orientation is the abolition of the conscription system in most European countries and the build up of a professional force. Naturally, such a force would be better trained and motivated for interventions in wars abroad.

Europe's ruling classes have understood that if Europe wants to beat America it has to become like it and massively build up its armed forces, restructure them into forces ready to be sent into wars, reorganise its defence industry and embrace the policy of "pre-emptive strikes".

### **The meaning of the Eastern enlargement**

Another important project of European imperialism is its Eastern enlargement. Until now, nearly all EU member states have been imperialist nations. This is about to change dramatically. All the 10 new states are of a semi-colonial character, i.e. while they are formally independent as states they are economically and, therefore, in the end also politically, dependent on the bigger imperialist powers.

For Europe's imperialist bourgeoisie, Eastern enlargement offers an important opportunity. Here it has unlimited access to a cheap labour force. This means that, on the one hand, it can transfer production and service facilities from the Western to the much cheaper Eastern part of the Union. If one looks at table 8, which shows that the differences in hourly labour costs between the West and the East of the Union are between 600-1000 per cent, the significance of this option is immediately apparent!

**Table 8: Labor Costs per hour in the semi-colonial countries joining the EU in 2004 (except Malta), in Euro (31)**

<i>EU-15</i>	22.21
<i>Estonia</i>	3.03
<i>Latvia</i>	2.42
<i>Lithuania</i>	2.71
<i>Poland</i>	4.48
<i>Czech Republic</i>	3.90
<i>Slovakia</i>	3.06
<i>Hungary</i>	3.83
<i>Slovenia</i>	8.98
<i>Cyprus</i>	10.74

In Bulgaria and Romania - two further applicant countries - the labour costs are substantially lower even than the central European states.

Furthermore, the enlargement creates the possibility of massive import of Eastern European immigrants for limited periods. This is an urgent need given the fact that the domestic EU labour force will shrink by 5 per cent over the next 25 years. As a consequence, an EU study advised that the Union will need 50-70 million immigrants over the next 50 years.

If, in addition to all this, one takes into account the massive setbacks for the Eastern European working class as a result of the collapse of the degenerated workers' states in 1989-91, and the enormous ideological consequences which still have not entirely disappeared, the East is in effect the perfect semi-colonial hinterland for imperialist Europe.

Of course there are also dangers combined with this. On one hand, as the latest Roma revolts in Slovakia have shown, poor societies are cheap for exploitation but also pregnant with violent uprisings. In addition, we have seen in recent years a certain revival of the Eastern European workers' movement and an increase in the number of strikes and demonstrations.

The social chauvinist labour bureaucracy and right-wing populist forces will also oppose an unlimited transfer of Eastern European workers into the West. It is likely that Brussels will have to make some compromises as it already has with the seven year transition period for immigration from Eastern Europe into the West.

### **Core Europe and the American Empire as a stumbling bloc**

The whole history of capitalism shows that alliances among states can only be built if there is a clear leading force. This is even more true if this alliance is to go further and result in a new supra-state structure. This explains the slow development of EU integration, already underway for five decades.

To put it bluntly: imperialist Europe will be unified around Germany and France or it will not be unified at all. These are the strongest and most European powers. While Britain is the third strongest power - at least economically if not militarily - its ruling class is deeply split over the future of Britain in Europe.

An important sector, the City and the big multi-nationals like BP or Shell, have interests in regions of the world where the EU has no influence but the US has a lot. This sector, therefore, favours an alliance with the USA rather than with Germany and France. As long as the British bourgeoisie has not resolved this split the British bourgeoisie can slow down the integration process but not become a driving, leading force.

But the problem of leadership is not only the lack of "natural" dominance of the Germans and French. It is increased by the active and conscious intervention of US imperialism. The USA has a natural interest in deepening divisions inside the EU and, as was stated in Bush's National Security Strategy in 2002, preventing the EU from becoming a challenge to its imperial interests. The deep division inside the EU over the Iraq war and the participation in the subsequent occupation have underscored this.

The Madrid train bombings triggered a political earthquake in Spain. The defeat of Bush's Spanish poodle Aznar and the election of a pro-European Socialist Party government could speed up the adoption of the new constitution. But it is too early to say if this will open a lasting re-orientation of the Spanish bourgeoisie away from Washington and towards Berlin and Paris.

In the end, the strategic question is simple: Has the US empire enough plunder to share with other junior imperialist allies? Is US imperialism in a position to deliver more to Italian, Spanish or British capital than a unified EU could give them, with its vast internal market and the promise of a unified foreign policy?

What are the key issues that will decide the fate of the project to unify Europe into a coherent imperialist bloc?

- The degree of success of the European rulers against their working class (privatisation, flexibilisation of the labour market, attacks of pension, health and other social services, and a general weakening of the unions and the reformist forces);
- The character of the coming European constitution and if it allows for the necessary degree of centralisation, i.e. clear domination by the big powers (mainly the Franco-German bloc) over the rest;
- Related to this the question of how much the Franco-German bloc succeeds in re-integrating (i.e. subordinating) the “new Europe”, i.e. Spain, Italy and new Eastern European EU-member states;

In the end, these are all questions which cannot be decided in advance but which will be decided in the arena of world-wide struggles between the classes. The EU bourgeoisie has to, and will, attack the working class on a massive scale. As we have stated repeatedly, raising the rate of exploitation is the condition sine qua non for any successful imperialist project for the EU as a global challenger to US imperialism.

These attacks can be expected to create mass struggles, even pre-revolutionary crises. Indeed, to reverse these processes fundamentally would necessitate a major upheaval of class struggle including challenging the existing political powers i.e. a full-blown revolutionary situation. Yet a terrible crisis of leadership exists in the workers’ movement. Its right-wing leaders are permeated with neo-liberal prejudices, while the left-reformists and centrists lack courage and clear ideas on how to defeat the rightist traitors in our midst. Above all, we lack a strong revolutionary party. Correcting these defects in the near future is a difficult task, but far from impossible.

A huge wave of resistance to the coming attacks can derail the centralising plans of our rulers. Similarly, one must not underestimate the degree of intra-imperialist conflict inside the European Union, particularly between Germany-France on the one hand and Italy, Spain and Britain (with its own internal divisions) on the other.

We can state the following “law”: The more successful the European bourgeoisie is in attacking and defeating the working class, the easier the creation of a unified European imperialist bloc and state structure (under a Franco-German leadership) will be for them. Equally, if the working class resistance is too strong, and attempts to raise the rate of exploitation sufficiently fail, then subsequent attempts by the Franco-German bloc to subordinate the rest will also fail. From this flows the strategic importance of the German and French working classes since they are situated in the heart of the European beast.

Slowing down the integration process could lead to the formation of a “two-speed Europe”, i.e. a differentiation inside the EU with the formation of a “core Europe” around France and Germany. The other imperialist powers like Britain, Spain and Italy would in this case rally as junior powers around the United States.

It goes without saying that these are the two poles of the range of possible outcomes. There are many possible shades in between and it has to be born in mind that European unification is likely to be a process that will see both leaps forward and setbacks.

Similarly, the relationship between the USA and Europe will be characterised by conflicts and manoeuvres but not open clashes. The EU is simply too weak to entertain open war. The stronger the ruling class gets inside the Union, at the cost of its working class, the more self-confident it will be



towards Washington. Another factor in this equation is the future of the national liberation struggles, particularly of the Iraqi and the Palestinian people. The more blows the US and its Zionist ally receive on this front the more the EU will distance itself from the "greedy and arrogant Yankee".

Various developments in the relationship between US and European imperialism are possible. However, for the next few years, the hegemony of US imperialism will be unchallenged. True, there are enormous contradictions and difficulties for US imperialism but they are a result of the general crisis of global capitalism and, therefore, they do not only affect the USA but also all other capitalist powers.

To be in a position to challenge the USA, the European bourgeoisies have to smash their working classes and go ahead with their unification project. If the European bosses fail, an imperialist Europe in agony lies ahead, like the declining British empire in the 1950s and 1960s.

In short, Europe's rulers have to challenge the United States if they desire a greater share of world plunder but they can only do this by becoming more like their rival, "Americanise - or fail", those are the alternatives.

However, Europe's rulers face a stiffer challenge than their US counterparts did because they face a much stronger and more politicised working class and anti-capitalist movement and they do not possess either an already unified state apparatus or a real supra-national capital.

Whatever the outcome, one thing is clear: Europe will undergo major transformations in the years ahead. One way or another, Europe will look very different 10 years from now. We are entering a period of major class struggles, full of dangers, certainly, but also opportunities. The LFI is ready to meet them.

## Footnotes

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