Crisis and Revolution in Europe

People of Europe, rise up!

Observatorio Metropolitano

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Observatorio Metropolitano of Madrid (www.observatoriometropolitano.org) is an activist group of research, formed by activists and professionals of different fields. Its main purpose is set up critical studies about the fundamental lines of transformation of contemporanean metropolis. Other works by the Observatorio Metropolitano are *Madrid ¿la suma de todos? Globalización, territorio, desigualdad* (Madrid, Traficantes de Sueños, 2007) and *Fin de ciclo. Financiarización, territorio y sociedad de propietarios en la onda larga del capitalismo hispano* (Madrid, Traficantes de Sueños, 2010).

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Preface

'This crisis is a scam' and 'We won't pay for the crisis' are cries heard across the squares of Europe today. They are shouted by the Greek *indignados*, in the Spanish squares of the 15M movement and by the strikers in France in 2010. And, with somewhat different resonances, in the revolutions on the other side of the Mediterranean Sea.

Since the crisis officially began the avalanche of reforms and welfare cuts do not seem to have led to the expected recovery. Quite the contrary, the stubbornness of austerity policies, the privileges of the financial elites and, above all, attacks on the sovereign debt of a growing number of states have led the European Union into a new recession. The same forces are leading, even more disturbingly, to a political degeneration which threatens the entire European project, the single currency included.

The future of the continent appears to be at stake. On one hand, the same old logic: policies that benefit a few creditors (the big financial players of the continent) who pursue profits based on cheap credit and financial speculation. These are the same agents who find themselves threatened by a crisis they caused and from which they will only emerge via the imposition of seemingly endless debt bondage on the European populations. On the other hand, we find in the emerging European movement the possibility of reinventing democracy and of halting social and political degeneration by building an alternative project.

As we might expect, at the centre of today's conflict is the very definition of wealth.

On one side, again, a vision of wealth in purely formal terms (money, property or financial instruments) the owners of which can and must trade with security, guaranteeing their right to do whatever they want. On the other side, those of us who, amidst this enormous financial wealth, watch as the fruits of social production are plundered in the form of mortgages, personal loans, attacks on public debt, and the commercialisation and privatisation of pensions, education, health, etc.

What to do, therefore, in a context that is measured on a scale as gigantic and elusive as that of Europe? Without doubt we must follow the movement, arming it with arguments, supporting its strategies and helping to enhance its European dimension. In this sense, this book is intended as a manifesto, a proclamation, a tool not only for analysis but also for agitation, revolt, revolution.

But is it not somehow untimely, even anachronistic, to speak of revolution in reference to what is happening in Europe today? What do recent events in Europe have to do with those of France during 1789 or Russia in 1917? Surely little or nothing. And yet, they share one thing: a profound rupture between the majority and their rulers, between everyday life and representative institutions, between the social body and an economic system that invariably prescribes financial privilege. For this reason alone the word 'revolution', often on the lips of those who are already part of the European movement, becomes legitimate and recovers its old resonances. Thus, if the voices of Puerta del Sol or Syntagma Square say 'we are a revolution', it is primarily because such a move is 'forced' by circumstances; because we know that there is absolutely no space or leverage in our public institutions that might make reform possible. It is even impossible to imagine a reform that might curb financial predation, promote the orderly rationalisation of the distribution of wealth and rebuild credible and legitimate democratic institutions. In other words, a reform that would be necessary even to maintain the social and economic arrangements that make up Europe today and to overcome the current suicidal spirit which has taken hold of the continent's political class.

In other words, the movement declares itself a 'democratic revolution' to the extent that there is no existing democracy to appeal to, and because any democratisation can only be exercised outside the system of political parties, representative elections and European institutions. The movement's first lesson can be discerned in the very nature of its constitution, that is, the rejection of any notion of waiting and hoping with respect to the political and economic elites. What these years should make abundantly clear is that if there has been no 'solution' to the crisis, beyond the business-as-usual of capital in money, it is because the political elites are prisoners of the same ideology and of the same interests that led us to the crisis. We are told that we must 'save the banks over and above the population'. At the same time we see that the road out of the crisis also passes through the privatisation of public services, greater job insecurity, endless unemployment for 'superfluous' populations (always the most vulnerable and with least resources) and an impoverishment of the masses not known since the post-war period.

The paradox of this situation is that if we admit that there is no room for accountability and trust in the European elites, that they lack autonomy with respect to financial capital, then there is also no place for fear. Indeed, if we admit that the crisis is politically driven, and that its management is concerned only with preserving the privileges of a few, outrage is the only feeling that makes sense and politics, recuperated by everyone, the only effective practice. This is what the European movement seems to have discovered and what this text aims to contribute to.

This manifesto, originally published in Castellano, has been prepared by the activist and research group Observatorio Metropolitano as part of the development of the 15M movement. This is a necessarily 'Spanish', specifically Madrid based, context. But this local context should not detract from the text's European aspirations. Nor should it prevent the perspectives and proposals set out here from moving beyond the narrow confines of state and 'nation'. In this regard, we hope that this material is translated and published in other European languages.

In the text we have omitted notes and sources for the sake of brevity. For a more comprehensive list of the arguments contained herein the reader may refer to further research by the Observatorio Metropolitano at: www.observatoriometropolitano.org

I. It's not a crisis, it's a con

Why is the crisis a problem? Why, in societies twice as rich as they were 30 years ago, are we told that 'there is no money' to maintain social rights and that a decent income for all is an impossible demand? These are patently obvious questions that have nonetheless been purged from the current media discourses.

The crisis has been a huge scam from the beginning. None of the so-called adjustment programmes that have been imposed in the last four years are justified by the alleged nature of economic affairs. Not one of the measures being implemented, or that will be implemented in the coming years (flexible and precarious labour markets, narrowing the right to a decent pension, privatisations) is designed to resolve an economic situation that has already left 30 million Europeans without access to a regular income. They are, rather, designed to strengthen the interests of the financial elites of the continent. In this sense, the intuition of the European movements is sharp ('we are being robbed') as is their refusal to succumb to the blackmail ('we will not pay for the crisis').

There are, however, a number of issues we can usefully address in terms of deepening our understanding of why the economic elites and the European political class are managing the crisis in this manner. Moreover, these same issues will be useful when dealing with some of the questions this situation throws up for European movements (questions which can no longer be answered by the conventional solutions of the left, e.g. employment, a different model of production, rationalisations of finance). The issues are threefold. (1) The current form of capitalism has little or nothing to do with the old models based on output (of goods and services) which still dominate mainstream economics; ours is a time of financialisation and the government of financial profit. (2) The current phase of the crisis (the sovereign debt crisis), which is leading some European countries to bankruptcy, is the outcome of a set of monetary policies and an institutional architecture at the service of the big financial players of the continent. (3) In this crisis the social, political and economic nature of the European Union is at stake. We are witnessing a powerful attack on the welfare state while, even more intriguingly, the European project moves along a seemingly suicidal trajectory.

1.1 The government of finance

Our time is marked by a huge imbalance. This takes the form of the contradiction between, on the one hand, the enormous amount of wealth accumulated in financial assets and the government and administration thereof, against, on the other hand, any possibility of an equitable and sustainable distribution of wealth.[1] To take one indication of the immensity of the wealth concentrated in the financial system, the value of goods and services produced on the planet (known as World Gross Domestic Product) is $60 trillion per year while the amount of wealth in the financial markets is between 4 and 7 times greater (between $240 and $400 trillion). This means that for every dollar of goods or services produced in a year there are at least 4 others to buy it.

In principle this need not be a problem, at least not if a significant portion of this money was devoted to investments in social, economic or environmental infrastructure. Obviously, such volumes of financial wealth could have a myriad of useful applications if they were subject to even minimum democratic controls. Access to education and health for all the inhabitants of the planet, the eradication of hunger in the poorest countries, or the implementation of energy conversion measures necessary to stop the silent and criminal march of global warming, would make up only an incredibly small proportion of global financial wealth. It is estimated that all these programmes together would not consume more than two or three percent of this wealth.

In stark contrast to any such possibility, financial wealth has become a sort of end in itself. For the purposes of financial capital, and especially of its owners and managers, all that matters is making the most money in the shortest possible time. To put it very briefly, modern capitalism, our capitalism, is no longer based on ways of obtaining profit via the production of goods and services but, rather, via the purchase and sale of financial assets (shares, bonds, deeds, options etc.) that can be traded for a profit in the short or even very short term, without being mediated by any production whatsoever.

This economic transformation is so huge that for almost two decades financial profits in the major Western economies have exceeded all other forms of profit combined (i.e. those involving the production and exchange of goods and services or the extraction of natural resources). The consequences are incredible and indeed still not fully understood. There are at least three significant changes worth discussing here.

Firstly, in a situation in which most profit tends to coincide with some form of financial (or property based) earnings, the traditional capitalist justification of

1 This is the central problem of our time. To the extent that financial wealth has gradually become the absolute measure of wealth *tout court* the real value of money, and as result financial securities, has been lost. What is lost is the value of privatised natural resources (the pillaging of the planet that is never included in prices) or the extraction of income from living labour and social cooperation through the proliferation debt and financialised social rights (such as mortgages, private pension funds). In this sense, financial wealth, or more generally what we will call financialisation, is both an “expression” of social wealth in general, as well as a mode of governing and pillaging that wealth.

profit, based on the veneration of the work of the capitalist in coordinating and organizing production, is lost. Consequently, and secondly, in the new finance led framework, the figure of the capitalist tends to look more like a rentier and less like an entrepreneur. This shift is plain to see. For instance, in today's financial jargon and in the media the prototypical capitalist is known as an 'investor'. Perhaps the only significant difference compared to the classic landlord-rentier, who passively rented or sold property (usually real estate), is that today's investor plays an active role in finding the most lucrative placements for 'their' capital by speedy adaptation to opportunities for enrichment. Thirdly, financial capitalism, to the extent that it becomes increasingly independent of real wealth production, takes on a parasitic relationship with the latter. This is exemplified in many current economic conflicts, for example, between financial capital and small and medium enterprises. As is known, the latter generate most of the goods and services (in addition to employment) in our economies, and yet are forced to adopt a position of perfect subordination to the owners of capital (e.g. banks, financial institutions and large corporations, as much as landlords and property owners).

To spell it out, even large industrial corporations (such as the car industry) earn more today from financial activities (e.g. via the issuing of shares or the sale of financial assets) than from the actual production of goods. The main conclusion of this set of transformations is that the capitalist promise of producing more and cheaper goods becomes an obsolete and empty promise. That promise today resembles a past or distant utopia drowned under the weight of speculative bubbles and financial greed.

These shifts, from productive to financial capitalism, from profit (as traditionally understood) to 'rent', from the entrepreneur to 'the investor-rentier', can be condensed into a single concept: financialisation. This term denotes that wealth today is primarily financial wealth, or rather, that all wealth tends to be related and subject to some form financial instrument or function. To a large extent this is possible because financial engineering can play with the temporal dimension of economics, realizing future profits in the present and displacing today's risks to the future.

For example, if someone wants to buy a home they can do so by committing their future earnings to obtain a mortgage. The bank that grants that mortgage can then obtain the money just lent to the worker by selling the mortgage debt to a third party (known as securitisation). This is done by creating a financial product corresponding to this debt and packaging it such that it can be sold as a bond with long-term financial returns. For its part, the buyer of that debt can ensure profitability through the purchase of another financial asset as a security guaranteeing at least a portion of its value (so-called derivatives markets). In turn, the company issuing or guaranteeing the value of those future options could also resell the special financial tools to third parties. And so on.

The same goes for a multitude of aspects relating to large monetary aggregates, e.g. government bonds issued to meet current public spending; the accounts of households, who use the markets to ensure decent pensions or their children's access to university; or companies that issue shares and secure a good portion of their profits in the financial markets.

The benefits of financial engineering in facilitating a multitude of economic interactions are clear. However, its alleged benefits, especially its complex and artificial mathematics, should not blind us to the enormous weakness of its foundations, and the powerful effects of domination and submission involved. To put it very briefly, to understand financialisation we must recognise the three factors which seem to determine its machinery: (1) financialisation can only operate in a context of permanent financial expansion; (2) this is achieved through a multiplication debts and continuing obligations; and (3) it results in a massive concentration of economic power.

Financialisation is always financial expansion

Financialisation requires permanent monetary injections. The main requirement for its proper functioning is a continuous and sustained entry of liquid money. To give a concrete example, the escalation in a company's share prices requires new investors bidding to push their value upwards. And the same thing happens in a real estate bubble. In the case of the Spanish property boom (1997-2007) the rise in housing prices was maintained thanks to the uninterrupted entry of new buyers who came either from abroad or from the domestic market, the majority of whom obtained the money that allowed for the expansion of the market through mortgage lending.

In the same vein, financialisation requires continuous horizontal expansion of the potential fields of financial investment, as well as a growing vertical (and temporary) expansion of investment opportunities. The way in which financial expansion progresses results in the ever-increasing complexity and capillary nature of financial products. Three decades of financial deregulation have gone a long way in this regard. On the one hand, finance has extended and deepened its domain over areas as diverse as the future value of companies, the price of crops or government borrowing. In addition, the financial markets have become a key determinant in access to housing through mortgage credit, in access to pensions through pension funds, to health by means of private health insurance and to university through student loans.

On the other hand, as mentioned above, in many cases a single 'asset' or 'security'(such as a mortgage) is bound up with a long chain of bonds and securities that make possible the buying and selling of that same debt several times over in the form of various financial products. Most importantly, no matter how long this chain is, the value of all the financial products that form part of that chain ultimately depends on the original borrower meeting their loan obligations. As such, financial engineering is a method for both the dispersal of risk (rather unsuccessfully in the light of the subprime crash) and for its contagion.

Clearly, one of the most striking consequences of financial expansion is that, to make this whole game of profit possible, it has been necessary for economic and social areas previously outside the scope of finance, such as pensions, housing, health, and education, to be effectively financialised. Normally this means the withdrawal of the state or any other form of collective provision from services which can be considered crucial to social reproduction, and therefore to life. It is no coincidence that the welfare state is viewed as an impediment to the advancement of financialisation. Nor is it by chance that the liquidation of the welfare state will enable the handover of a huge amount of money from families who have been 'released' from state protection and 'forced' to become micro-centres of investment and expenditure so that they might obtain resources previously obtained in a collective manner.

The last and essential prerequisite of financial expansion is the removal of all barriers to the mobility of capital. This began with the removal of controls that until 25 or 30 years ago imposed severe limits on foreign investors, and moved on to virtually every regulation and tax on the circulation and profit of finance. Consider, for example, the vexing reality that in most European countries revenue from capital taxation contributes, on average, less than from taxes on labour and less also than from the profits of productive enterprises. Is this not a simply a gift to speculators, or worse, a form of the institutionalisation of speculation?

Financial expansion produces a multiplication of debt

Financial expansion occurs through a continuous multiplication of future debt. All financial expansion ends up, in effect, generating a growing mass of debt heaped one on top of another. In a conventional productive economy, the granting of credit is usually supported by assets and present or future capital. In contrast, in an economy based on financial expansion, the creation of debt through the granting of credit or the issuance of bonds is less and less based on available capital. The latter may only guarantee the payment of interest on a given debt. Worse still, as in the case of the terminal stages of a financial bubble, financial expansion can take on a pyramid structure. In such cases there is not even sufficient capital to pay the interest and everything depends on the revaluation of the assets backing up those debts and the entry of external capital to the investment cycle.

In other words, financial expansion, and the 'bubble form' that seems to accompany it, tends to multiply the volume of debts and obligations, which in the long run generates an imbalance in terms of capital available to support their payment. The paradox of this process, what economists call the 'irrationality' of the bubble economy, is that financial expansion does not stop just before the moment in which many of these debts could go unpaid. Rather, with the expectation of increased profit, an incredible quantity of debt securities are generated within the bubble. These securities function effectively as money despite the fact that the capital underpinning them has long since ceased to be available in sufficient quantity. That is why financial expansion tends to put off its own crises right up to the point, always too late, at which it is no longer possible to postpone the crisis.

We don't need to go very far to find examples of how these contradictions operate. The recent crisis, triggered by the stock exchange and real estate crash in 2007, is a classic case of the infeasibility in the medium term of the dynamics of financial expansion. A large part of the financial bubble of the last decade, in both the US and most western countries, was based on the extraordinary dynamism of their real estate markets and the dramatic increase in the price of housing. All the factors mentioned above came together here. On the one hand, the real estate bubble only reached such intensity by the incorporation into the market of the most fragile sectors. The poor, young people without resources, minorities, single mothers, for a long time abandoned by the state, were thrown into the 'markets' where they had to seek out each and every one of the basic goods and services they needed, including housing. The mortgages granted to these sectors in the USA were the well-known subprime mortgages.

The American real estate market is in fact a textbook example of how a financialised social service works. This is not only because access to housing relies on mortgage credit, but also because mortgage debt itself has become a tradable financial product. As mentioned, the operation that allows this conversion is called securitisation. Securitisation basically consists of converting non-liquid assets into immediate liquidity by issuing financial securities traded in organised markets. In the case we are dealing with, the securitisation of mortgage debt took place through the creation of a particular financial product known as a mortgage-backed security.[2] These securities cobble together dozens or hundreds of tranches of debt from different mortgage loans (in addition to other assets and financial obligations of different kinds) that are then sold to large banks and investment funds all over the planet.

From a somewhat naïve perspective, removed from the logic of finance, granting mortgages to sectors of the population on the edge of bankruptcy might seem as profitable as buying lottery tickets. However, the solution of the financial experts seemed, at least on paper, complete: in addition to establishing a complex system of insurance, these financial vehicles were designed to disperse risk. There were two main instruments for staving off the dreaded financial crisis: (1) a complex system of 'packaging' which combined in the same financial product tranches of 'safe' debt (e.g. mortgages to middle-class families) and high-risk debt (e.g. subprime mortgages); and (2) the distribution and sale of these products to a large amount of financial agents, which was supposed to dilute the concentration of risk. Needless to say it was precisely this system of control and distribution of risk that led to the rapid spread of the crisis across the entire international financial system.

The radically arbitrary nature of the contradictions of financial expansion is clear in the above. Much of the real estate business in those years wasn't really about the capacity of mortgage holders to pay. Rather, real estate agents and banks were incentivised to grant such mortgages because investment banks, which were responsible for packaging the mortgages into mortgage-backed securities, obtained enormous profits in securitisation transactions and the sale of such assets in the financial markets.

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2 These are the mortgage-backed securities (MBS). The particular financial pyramid of these years consisted of a massive issuance of these securities, mainly involving collateralized debt obligations (CDO), which were built from tranches of mortgages with different levels of risk. In order to better control the risks a sort of insurance covering default was also established, known as credit default swaps.

Everything seemed to work while the price of housing continued its rapid escalation. At the point, however, in which a significant portion of American families were unable to pay their mortgages, the financial castle collapsed. The financial vehicles we have just described, designed by 'engineers' who never contemplated the possibility of such a collapse, lost all market value. The 'investors' panicked and the giant US investment banks were unable to meet to the obligations they had created via their own financial products. Lehman Brothers, Morgan Stanley and AIG (the primary insurer of these financial products) entered a situation of bankruptcy. The problem was the fact that the buyers of the so-called toxic assets[3] were also major banks the world over. This leads us to the final substantive element of financialisation.

Financialisation produces a massive concentration of economic power

Triumphant neoliberalism, as an ideological outgrowth of financialisation, not only legitimates the figure of the private investor, who has the right to place their savings and their money where they like in order to obtain maximum profitability, but also claims that the actions of such investors will lead an optimum allocation of investment. This figure of the investor-king paints a completely distorted picture of how the financial markets work. The apologists for financialisation present the financial markets as a public square where a multitude of small investors (western middle class families) interact, investing here or there according to the information at their disposal. The way this actualy works is, however, completely different.

The financial markets are anything but a democratic agora where individual decisions rule. To put what happens here in sharp relief we need only consider that only 20 financial groups (among them such big names as BlackRock, J. P. Morgan, Allianz, HSBC, Citigroup, ING, BNP Paribas, Banco Santander, etc.) manage a monetary mass that is larger than the GDP of the US. The largest investment management company in the world, BlackRock, manages assets of a similar value to everything that is produced in Germany in a year. And Allianz, the second largest, manages an investment portfolio of a value greater than the GDP of India. In this context, can we continue to speak of 'financial markets', in particular when economic theory conflates that term with conditions of perfect competition?

Undoubtedly, the actions of a few of these giants can ruin entire economies, whether it is by betting against the currency of a country or against its public debt, as is happening in Europe today. Nevertheless, it is true that the greater part of the money that these giants manage comes ultimately from the deposits and investments of the middle class in developed countries. The participation

3 In early 2007 the market value of these mortgage-backed securities was several billion dollars. Shortly afterwards, in mid-2008, the value of the securities was virtually impossible to determine. The mathematical models that had served to put a price on these assets were simply not able to deal with the possibility of a general decline in real estate prices. The banks, aware that all their competitors held a large quantity of these titles, stopped lending to each other. The panic was total.

of the latter, however, in the 'financial euphoria' is very different from that described by the propagandists of neoliberalism. In the real world of finance, small investors, exemplified in western families, delegate most of the decisions about their money to the managers of pension and investment funds. These funds in turn: (1) capture those savings thanks to favourable tax conditions; (2) cream off the majority of profits through hefty management and participation fees; and (3) pass on to the same families all the investment risks relating to the devaluation of their assets. This is a strange form of 'popular capitalism', directed, governed and exploited by a handful of large banks and managers!

If we situate this reality of financial oligopoly in the context of the crisis which began in 2007 we can begin to understand how things have developed since then. The large credit institutions were the main beneficiaries of the financial-real estate cycle. The mortgage efforts of millions of American and European families were taken advantage of in order to generate the large profit margins of those years. But when the repayment of mortgage debt was made impossible by soaring house prices and abusive lending conditions, the mechanisms of contagion mentioned above triggered the threat of a dramatic shortage of liquidity and later cast the shadow of insolvency over the financial system as a whole.

The reaction, perhaps still confused and incongruous to those who love and defend orthodox economics, was to turn to the state. The US TARP and the European rescue funds, set up to provide liquidity to banks, involved extraordinary amounts of bailout money.[4] Since then, following the first moments of panic, the big financial players have launched their offensive. In 2008, and then in 2011, they found opportunities for very high and short-term yields in the futures markets for raw materials and oil.[5] This in turn provoked spectacular price increases, with serious economic and social effects in many countries, among which we must mention (in conjunction with other causes) the first great famine of the twenty-first century in the Horn of Africa. In any case, and especially for Europe's financial giants, the main mechanism for restructuring their profits has been the extortion of the very states that came to their rescue. Simply put, the most important consequence of financialisation is that it has generated a concentration of economic, and therefore political, control perhaps never seen before in history.

4 Between early 2008 and the end of 2009 various countries of the EU pledged a combined €3.7 trillion in bank bailouts, with the UK (nearly €800 billion) and Germany (€555 billion) leading the way. On the other side of the Atlantic, the US committed to even more ambitious programmes, including $180 billion for the recapitalisation of AIG and $700 billion pumped into the Troubled Asset Relief Programme (TARP). As we know, the TARP was used to inject billions into investment banks. A lot of this money ended up extraordinary bonuses for the very executives responsible for the "extraordinary losses". It is estimated that the US has committed nearly $12 trillion in guarantees, aid and financial injections to large corporations, an amount representing 80% of the GDP of what is still the world's largest economy.

5 The futures markets in raw materials, known as commodity markets, came about in order to ensure the future price (and therefore the profit) of the raw materials against unexpected fluctuations in their prices. Today, thanks to the enormous development and opacity of derivatives, the futures markets for raw materials act as an important refuge for large investors when there are no options in other markets. This makes them easy prey for strong speculative movements.

1.2 The sovereign debt crisis

Let's rewind. As we have seen, the economic crisis had its origin in the weak foundations of the financial expansion of the 2000s and in the creation and subsequent securitisation of a huge quantity of mortgage loans. In this expansion the big financial entities played a key role, engaged as they were in the US real-state cycle and in other similar cycles (in Spain, Britain, Ireland, and the Eastern European countries). Faced with the contagion of the financial crisis and its disastrous effects on the real economy (especially the credit strike of the main banks) the European states reacted in three ways. (1) They put in place programmes for the expansion of public spending and for subsidizing private consumption with the objective of maintaining economic activity. (2) They injected an enormous amount of liquidity into their own banking systems —and also to the main corporate agents engaged in real-state business— in order to re-establish the flow of credit. While lending was not reactivated, however, that public money did serve to 'rescue' banks and companies in what must be considered a vast programme of socializing losses. And (3) they committed part of their spending to mitigate the most immediate social effects of the crisis, principally through unemployment subsidies. It was only thanks to this kind of public intervention that the catastrophic downward slope which threatened to follow the financial crash was avoided. Obviously, the dramatic expansion of public spending, in a moment of revenue contraction, relied on borrowing and consequently a rapid growth of the deficit.

In any case, by the end of 2009, and especially of 2010, when the worst part of the financial shock seemed to have been absorbed both by the European states and by their populations, when the immediate breakdown of the main European banks seemed to have been averted (or at least postponed), a radical shift in economic strategies took place. Following the necessity of a 'moratorium on capitalism', raised by Sarkozy during the first months of the crisis, the European jungle became dominated once again by the growing roar of the financial predators. In reports developed by experts, in political debate, and in the media, government deficit and public debt were identified as primarily responsible for the slowing down of Europe's 'natural' economic recovery.

The ideological machinery of orthodox economics and its neoliberal propagandists was again at full capacity. Its main argument was, and is, tangled up in the presumption that growing public debt limits, on the one hand, private debt (thus reducing the granting of loans for investment and employment) and, on the other (and this is the most important element), condemns the most indebted countries to stagnation and recession. The payment of the interest on their debts certainly does undermine their growth prospects. However, what went unsaid was that the prescription to pay increasing interest rates was being written by the very doctors who were applying the austerity measures. And of course, no one wanted to remember the fact that in the absence of a dramatic expansion of public spending, the economic depression would have been, without any doubt, much more severe and lengthy.

This discursive shift, and the first financial attacks on the public debt of Greece and the Eastern European countries, served as an overture for the largest sovereign debt crisis in European history, and also for the greatest offensive against the social welfare systems of the continent. No other economic episode highlights so clearly the fragility of the European project and its close connection to the interests of the regional economic and financial elites.

The way events unfolded is relatively well known. At the beginning of 2010 the Greek deficit is reported in the press as being much higher than that presented to the European regulators. Greece had in fact engaged in 'creative accounting'. Thanks to the help of the financial giant Goldman Sachs, it had obtained some loans kept off its balance sheet while simultaneously, and conveniently, setting to one side some important items of public spending. The 'markets' immediately took advantage of this news.[6] During 2009, Europe had been the subject of a potent financial attack which operated by playing with short term downward trends in the euro, reducing its value against the dollar to almost historic levels. In this context, reports of Greece's accounting scam were enough to cause the bond yield of Greek bonds to rocket with respect to German bonds, which act as a point of reference in terms European government lending. In just a few months the gap between the bond yield for 10 year Greek and German bonds rose to 500, 600 or even 1,000 basis points (10% in conventional terms).[7] For the first time in the history of the European Union, a member state ran the severe risk of being unable to meet current account spending and the payment of due debt. In the absence of a quick intervention from the European Central Bank (ECB) or the EU, the only possibility seemed to be a curious rescue *à la européen*, together with a brutal 'adjustment' plan.

After some hesitancy, and forming a consortium with the IMF, the central EU countries agreed to lend Greece €110 billion (40% of its GDP) in several instalments in order to avoid the bankruptcy of the country. In exchange, they imposed a rigorous austerity plan involving a drastic reduction of the public sector, wage cuts for public sector workers, increase of the retirement age, cut backs in welfare benefits and massive privatisations. In other words, the payment of interest on

6 The sovereign debt crisis of the so called peripheral countries has been since the beginning a political operation which cannot be understood in the vague terms of 'market pressures'. Since 2010, the attacks on Greek debt were the result of secret agreements between several US and European investment funds which organised massive bond sales. These brought down the value of government bonds which could then be purchased at even higher interest rates. On the other hand, the crisis has to be read in political terms in the sense that it is the EU's profound democratic deficit and the servility of its political class to the European elites that has allowed, and ultimately worsened, financial extortion via public debt.

7 The bond yield spread corresponds to the surcharge on interest rates that is supposedly derived from increased risk of default. The bond yield spread is defined in the negotiation of interest on credit default swaps (CDS) for the bonds of a specific country in a given amount of years and benchmarked against the German bond. CDS are financial derivatives which work as private insurance contracts on the value and risk of non-payment of real bonds. A rise in the bond yield of, say, Greek bonds means that this country will have more difficulties in issuing debt at a low interest rate. Of course, most of the derivates market for sovereign debt is not under the control of any public institution, and the strong oscillations of the bond yield spread of some countries during this year and a half are not due to the real default risks of those states but to speculative movements against the value of their debt.

an artificially inflated debt was prioritised over and above any other political, social or, indeed, economic criteria. The EU itself admitted that the austerity plan would result in a 4% contraction of Greek GDP in 2010, followed by a 3% decrease in 2011. It was the same medicine the IMF prescribed during the '80s and '90s to a large number of countries in Latin America, Africa and Asia. In those cases, sovereign debt crises, brought about by the low interest rates of 1970s and their rapid increase during the following decade, served to reinforce the financial hegemony of Wall Street at the expense of the most dramatic deterioration in the social conditions of some of those countries since their independence. The difference is that this time it was a European country in the firing line, and one that was part of the euro and a member (albeit a modest one) of the rich countries club.

In order to understand what was actually happening, and what is still happening, it is necessary to analyse, at least briefly, how the so-called sovereign debt markets work. Public debt is in general a very secure asset with limited profitability. This is because failure of a state to pay back its debt is considered unlikely given its power to collect taxes from a population who, for the most part, have no option but to stay in their country. As it is considered relatively risk-free, interest rates on public debt generally afford limited profit margins for lenders. During 2007, 2008 and 2009, the main financial agents, in serious danger of bankruptcy due to the enormous destruction of liquidity resulting from stock-market contraction and real state crashes, directed a good deal of their investments into public debt markets. In fact, the big European banks oriented a significant part of the public money they had received (money that was supposed to encourage lending) towards the purchase of public debt. After all, this was one of the few secure investments in a time of enormous uncertainty.

However, from the end of 2009 and together with the Greek news, an interesting change in perspective occurs. The pressure over the public debt of the most fragile countries within the EU was becoming not only a profitable but also a sophisticated business. The very financial architecture of the EU allows, and even fosters, speculative movements against the position of specific countries. It could almost be said that the economic institutions of the EU, in particular the ECB, are designed according to the interests of the financial elites. Unlike its equivalents such as the Federal Reserve in the United States (the Fed), the Royal Bank of England or the Bank of Japan, the ECB cannot issue bonds of public debt, nor cannot it buy those issued by member states unless in very exceptional circumstances. This is of crucial importance, since either of these two lines of intervention, applied with a certain energy, would have eradicated the crisis of European sovereign debt. On the other hand, the ECB is designed as an institution which is independent of any political control, and thus of any democratic input. Its only mandate is to automatically adjust interest rates according to inflation, a mandate which divests the Eurozone states of all of their competencies in terms of monetary policy.

In other words, the ECB cannot lend money to member states, but it can, on the other hand, lend money to banks. And this is what it has done since the beginning of the crisis. The ECB has lent hundreds of billions of euro to the main European financial institutions in a massive set of repo operations. These involve providing lending to European banks on the basis of securities which serve as a guarantee and which the banks undertake to buy back at a later date. The securities delivered by the banks as a guarantee were, of course, none other than those very debt bonds they had bought with the money they had been lent. To be clear, during these years the big financial agents of the continent have been receiving loans with interest rates of 1% and then used this money to buy government bonds of EU member states with interest rates that in some cases were as high as 8, 10 or 12%. This is no more than a gigantic rescue operation for European banks.

The other key element in the lucrative business of European debt are the so-called credit rating agencies. The rating agencies came about to provide clarity and information to investors about the quality of the financial products they were buying. Their fundamental role is supposedly to evaluate financial investments, or to put it in another way, the foreseeable risk and profitability of bond issuers (be they be companies, states or local governments). Their real operational mechanism is, however, obscure to say the least. On the one hand, the fact that such agencies are necessary in order to 'inform investors' about the quality of the financial assets they themselves are acquiring is an indication of the huge opacity of the world of finances. But we have even greater cause for concern when we consider that just three big companies (Standard & Poor's, Moody's and Fitch) have a position of complete monopoly when it comes to assessing the quality of financial products, and thus of orienting the movements of markets. In order to judge the assessments and the alleged objectivity of the ratings agencies we need only remember that these companies gave excellent ratings to companies like Enron or Lehman Brothers up to few days before they collapsed. In any case, these three companies have directed the operation against Greek bonds. As is known, each rise in Greece's bond yield over German bonds was preceded by the lowering of Greece's credit rating, to the point that Greek debt was rated as junk bonds, that is, as a 'non-investment' with a very high risk of non-payment.

Against this background, the Greek crisis could only be the prelude to an offensive at a continental scale. Since the beginning of 2010, the attack on Greek debt spread quickly across the continent. All the European countries, including the core countries, took note of the Greek example, adopting austerity plans in reaction to what amounted to a simple threat of pressure from the markets. For some this has been quite useless. By the autumn of 2011, another two countries, Ireland and Portugal, received a treatment similar to that of Greece, and another three are in the waiting room: Italy, Spain and Belgium.

The Irish case is paradigmatic with regard to the dynamics of the debt crisis and its social and economic consequences. As in most European countries, in the autumn of 2008, the island's government obediently bailed out its main banks with a gigantic rescue fund. The deterioration of its financial system led Ireland to nationalise an important local bank, Anglo Irish Bank. This public spending splurge had only one objective: to ease the worries of British and continental creditors. This demonstrates that the notion of the 'state as guarantor of last resort' (paradoxically inherent in neoliberalism itself) should be translated as 'the state as the last resort for the socialisation of financial losses'.

Unsurprisingly, the enormous spending involved in the bank bailouts sent public deficit sky rocketing, reaching a figure equivalent to 32% of Irish GDP in 2009. The 'markets', for their part, reacted by quickly raising bond yields as Ireland's credit rating nose-dived to 'Greek levels'. Against this backdrop, autumn 2010 saw the EU and IMF grant the anaemic Celtic tiger an €85 billion 'bailout'. Of course, the bailout didn't put an end to Ireland's woes and in the summer of 2011 a new attack by the rating agencies pushed its interest rate above 10%.

As Ireland went into a tailspin, Portuguese debt was heading down the same path. The Portuguese case is somewhat special as the country was less involved in the heyday of the financial bubble. During the 2000s Portugal had expanded public spending in an attempt to revive its depressed economy. These attempts were punished as the EU rigorously applied the Maastricht prescriptions —prescriptions to which Germany and France had themselves taken a fairly lax approach. Following a weak recovery that had started around 2007, Portugal faced a new set of challenges: the European financial crisis, the credit crunch, the bailout of Portuguese banks and further government borrowing.[8] The classic sequence of stock-market collapse, announcements of a growing deficit and a rising bond yield spread left the Portuguese central bank issuing debt with interest rates around 10%. In spring 2010, on the verge of an unsustainable situation, Portugal accepted a bailout to the tune of €78 billion euro, with the consequent package of austerity measures.

The downfall of Greece, Portugal and Ireland may have been only the first precedent of a continental scale disaster. Indeed this possibility loomed large on the horizon as the most recent act of the Greek tragedy was played out in the summer of 2011. Shortly before that, in March, the rating agency Moody's had lowered the qualification of Greek bonds to junk status. In response, and under pressure from its own population, the Greek state raised the possibility of a default. This in turn caused panic on the markets with bond yield spreads in peripheral countries soaring into double digits, taking with them Italian, Spanish and Belgian bonds. The reaction was almost hysterical. Italy, which had so far escaped the reforming zeal of other member states, launched one of most severe adjustment and austerity programmes of all: reform of the public pension system; wage cuts for public sector workers; reform of public administration, health care etc.

On the other hand, the financial guardians of the EU (Germany, France and the ECB) hesitated up to the last moment as they tried to determine the costs and benefits of various interventions. Finally, they accepted to refinance Greek debt with a new 'bailout' plan to the value of €109 billion. This money was to meet Greek debt payments, which is to say, it would end up in the hands of the big European banks. The consequences for Greece were terrible, and they were accompanied by a new and outrageous privatisation programme.

8 Perhaps the case which is most illustrative of state intervention here is that of the Portuguese Banco Popular de Negócios. This entity was nationalised in 2008 with a financial injection from the state of €2.4 billon. Just three years later, the Bank was sold to an Angolan entity for only €40 million. The public money was used in this case to defray the losses of administrators and shareholders of the bank, who were in fact responsible for the bankruptcy.

However, the markets' response to the Greek plan was anything but obliging. At the beginning of August, Spanish and Italian bond yield spreads reached the frontier of 400 basis points over the German bond. It was not about the small euro countries any more. The third and fourth largest economies of the Eurozone were now in the firing line. Amidst a thunderstorm that threatened to become a tempest, the European 'leaders' agreed to use the last resort. During the following days, the ECB bought huge quantities of Spanish and Italian bonds and the bond yield spread of both was almost automatically brought under control.

But the drama was far from over. The first weeks of September saw a rerun of the process. This time the trigger was a combination of concerns around a Greek default and stock-market dips involving the major European banks. This small stock-market crash was swiftly displaced via strong pressures on the bonds of European countries and, for the first time, a sharp decline in confidence in the euro. The remedy came from 'abroad' (a huge injection of dollars from the world's most important central banks) and from rumours of an extension of the European rescue fund.

During this short but intense summer crisis, which is surely only the prelude to what is yet to come, Europe's hesitations have been crucial. In this sense, the antics of Sarkozy and Merkel have given a clear indication of the extent to which the political class is harnessed to the interests of the big European banks.[9] Since the beginning of the crisis, our so-called European leaders have been completely incapable of offering a consistent alternative to speculative attacks. The use of 'eurobonds', which would deactivate in a single stroke the pressure over sovereign debt and which is increasingly demanded by some industrial sectors, has been unnecessarily postponed by German opposition. At the same time, the public deficit has continued to be the mantra with which all political negotiations begin. Take the latest proposals under discussion at the moment. The first is the threatened withdrawal of European Structural Funds (the main mechanism addressing regional inequalities within the EU) in case of failure to comply with deficit reductions. The second is the inclusion on a constitutional level of the principle of budgetary adjustment following the German model – which has been recently approved by the obedient Spanish Parliament.

Given these precedents, whatever happens during the following months will be heavily dependent on the elasticity afforded to member states with regard to bond repayments. During 2010, the possibility of a default seemed distant even in the case of Greece (by far the most heavily indebted country in the EU with a debt that will reach 160% of GDP by the end of 2011). On the other hand, by mid-2011, default of some description was more than probable. The trap of financialisation, with its principles of self-sufficiency and self-regulation, follows an inexorable

9 We must remember that these are the main holders of government debt and for that reason also the principle actors interested in obtaining the highest possible interest from these 'investments'. In the Greek bailout of 2011 the intervention of banks was a key obstacle. It was only when the default the Greek *indignados* demanded of their government became a real possibility that most of the European banks accepted a certain 'adjustment' of their profits. This happened through the restructuring of Greek debt by fixing an interest rate of 3.5% (still much higher than what banks pay to borrow from the ECB) and the extension of the repayment timescale.

logic. The financial system, and the EU with it, threatens to go over the edge of a particular cliff: banks which buy sovereign debt bonds demand higher interest rates (i.e. greater profitability), pushing up government borrowing costs which, in turn, increases the public deficit and hence the need for more loans. This only serves to reinforce the pressure of the financial system over governments and so the unhappy cycle begins once more.

1.3. Europe's financial trap

The European sovereign debt bubble is linked to a strategy of short term financial profit. Its immediate results are austerity and the deterioration of the system of social protection in all EU countries, but especially in the weakest (the East, the South and Ireland). In the medium term its consequences could be catastrophic, as much for the continent's economic recovery as for the future of the EU itself. In this regard, it is worth keeping in mind the following four points when considering the cost of EU policies and their allegiance to the interests of the financial elite:

1. The strategy of controlling public deficit and punishing increases in public spending via rapid rises in interest rates condemns Europe to economic stagnation. In addition to a cynicism that supports banking interests above any other agent or criteria, austerity plans assume that controlling public spending will benefit the reconstruction of local financial systems in the medium term and as such investment, exports and private consumption. Suffice it to recall the IMF's adjustment plans in Latin America and Africa to recognise that they simply reinforced the position of the creditors at the cost of the social and economic futures of their populations. An analysis of the current situation of EU member states offers no indication that the slowdown in public spending will be supplemented by investment, private consumption or exports. The financial crisis has spread to the entire economy precisely through a dramatic depression of aggregate demand.[10] The only factor working against this trend has in fact been public spending. Moreover, in no country, with the exception of Germany, has private consumption, investment or exports taken off as factors spurring on growth. The Eurogroup's latest growth figures indicate that the inevitable result of austerity is closer than it seems: the region is once again approaching recession.[11]

These macroeconomic figures are more or less symptomatic of structural problems at the level of economic growth and hence the accumulation of capital in the EU and Western countries in general. During the last decade of the 2000s growth in the United States and the EU was stunted in relation, not only to the emerging

10 Aggregate demand is the sum of the consumption of goods and services produced in a given country. Its principle components are private household consumption, public spending on goods and services, investments by businesses and external demand (exports).

11 The Eurozone's growth figures in the second trimester of 2011 were 0.2%. Germany fell from nearly 1% growth in the first trimester to only 0.1% while France achieved a modest 0.2%.

blocks of China and India, but to their own economic growth during the 1980s. In some cases (e.g. Italy, Japan and Germany) the 1990s and 2000s saw economies enter a stationary phase with growth of around 1% or even less. On the other hand, the particular financial *belle époque* of those years and the most prominent success stories of the developed countries (such as the US, Britain and Spain) would be difficult to characterise as a revolution of production like those that can be recognised in other historical eras. On the contrary, the motor of that period of growth had nothing to do with any of the patterns identified by orthodox economics. Only a particular sequence of property bubbles (the dot-com cycle of 1995 to 2000 and the real estate bubbles of 2001 to 2007) have made possible the rebuilding of domestic demand, albeit temporary and precarious.

Property price increases (for example of family homes) and easy credit sustain, for a while, a capacity for consumption much higher than that permitted by invariably stagnant wages. The counterpart of this growth has been an unstoppable and spectacular increase in the debt of all the principle economic agents: households, businesses with ever more debt and increasingly dependent on the financial markets, and the financial entities themselves involved in all types of securitisation and the creation of new financial tools. In some countries, where a particularly strict version of neoliberal orthodoxy has been applied, public spending has stayed at a relatively modest level throughout these years. Yet this has only been possible through dynamic domestic consumption financed by credit.

Once the bursting of the property bubble had exposed the fragility of the large financial entities' balance sheets as well as the impossible levels of household debt, the only way for demand to recover seemed to be through a return to public spending. However, the attack on sovereign debt undermines this possibility, and worse still, the increasing debt of the weakest counties erodes the possibility of growth as interest rates climb. For example, it has been calculated that external debt payments will cost the Greeks 15% of their annual GDP in the coming decade. Given these conditions, the European sovereign debt crisis may be the prelude to a new depression that will ultimately affect all of Europe.

2. There is absolutely no reason to believe that austerity programmes will resolve the structural problems that brought about the crisis. Although it seems clear that adjustment policies have been determined by the interests of financial elites, the ideological package that accompanies them usually contains some sort of promise for the future, such as talk of 'restructuring production' and 'increasing productivity'. In the last instance, fiscal and budgetary discipline, labour market reforms, pensions, etc. will (supposedly) encourage an increase in productivity, and therefore, of the export capacity of the worst hit countries.

Within this ideological framework the explanation of the sovereign debt crisis has pointed the finger of blame at the Eurozone's 'peripheral' countries (mainly the so-called PIIGS —Portugal, Ireland, Italy, Greece and Spain— but also Belgium). We could also add to this list the large number of Eastern European countries not incorporated into the euro. This blame-game is based on two conditions shared by all these countries. The first is the serious deterioration of their industrial productivity and their export capacity during the 2000s. The second is that during the same decade growth, when there was any, was based on debt, which helped finance domestic consumption and also their growing external deficit. These two conditions, as one might guess, do not only apply to the peripheral countries of the EU. They are, in general terms, part of a model shared by many Western countries, including the US and Britain.[12] The PIIGS' substantial difference, with respect to financial giants like the US or Britain, is that they form part of the Eurozone. This means that, on the one hand, exports have been negatively affected by the revaluation of the currency over the last decade and, on the other, they have been able to rebuild their buying power thanks to the umbrella of foreign money. This, and no other, is the condition of possibility for the great 'Southern European party', demonstrated by Spanish growth, which was the most rapid of the major European countries.

Therefore, in contrast to the story told by the right-wing propaganda (with its chauvinism and xenophobia) of northern and central Europe, the peripheral countries' buying power was in fact sustained by the euro and this is what effectively allowed the central countries, especially Germany, to deal with their surplus during the 2000s. It suffices to say that Germany went from having a moderate deficit in the 1990s to accumulating a remarkable surplus in its balance of payments (7.6% of its GDP in 2007). To a certain extent the EU has reproduced, albeit on a smaller scale, the same exchange we find on a global scale between the US and China. In the European case, Germany has been able to create a favorable trade balance based on exports to its European partners, exports that even today, in the middle of the crisis, account for more than 60% of its net income. In no small measure, these exports were the other side of the peripheral countries' growing external deficit. This deficit was in turn offset by central countries investing in assets in the countries that experienced large real estate bubbles (Spain, Ireland) or through means of loans and international credit channeled by private companies and financial entities.

In short, membership of a strengthening euro currency can in no way facilitate an improvement in the productivity of peripheral countries. In fact, the combination of an expensive euro, which benefits the major banks, and an increasingly impoverished peripheral Europe condemns the entire region to ailing growth. In this context German (as well as Scandinavian and French) exports will end up facing a depressed internal (European) market and decreasing external competitiveness because of an unfavorable exchange rate.

Finally, the assumption that austerity measures and structural reforms are going to increase productivity in the medium term runs up against another major hurdle. The EU's economic structure has been conceived to avoid internal industrial competition through a particular system of regional economic specialisation. For example, the incorporation of the Iberian countries in 1986 was conditional on the partial dismantling (or total dismantling in some sectors) of their industrial apparatus. The reasons were not only to be found in the lack of competitiveness

12 Spain's deficit in 2007 reached 10% of its GDP, Portugal came close to that figure and Greece's shot up to 14%. The figures from the US are only slightly lower; the deficit in 2007 was 6% of its gigantic GDP.

and obsolescence of industry in the Iberian countries, but more importantly in the dominant position of the industrial corporations of the core countries, which were immersed in an intense process of restructuring.

From the moment of their incorporation, the economic structure of countries like Spain and Greece reinforced their specialisation in sectors in which they were supposedly 'most competitive', such as tourism, real estate, services and a few (generally residual) industrial activities. But to speak of competitiveness in hospitality, trade, tourism or the real estate sector, generally the most prevalent across the Mediterranean coast, is contradictory. These are sectors of non-movable goods that are highly territorialised and in which the dynamics of accumulation and profit have less to do with technological innovation than with brutal and fierce exploitation of the labour force as well as attracting a growing mass of tourists and investors. How then might these countries work towards a restructuring of production that would make them competitive in the challenging international markets for industrial products? What kind of plan could turn Greece into a Chinese industrial district, Portugal into a new European Hong-Kong, or Spain into the Western South Korea? In this context, nothing could me more ridiculous than the propaganda of the Lisbon Strategy, the original text of which declared its goal to be the conversion of the EU into 'the most competitive and dynamic knowledge economy of the world, capable of sustained economic growth accompanied by a quantitative and qualitative improvement in employment and better social cohesion'.

3. The financial crisis is far from being resolved. European banks, with their serious exposure to the debt of the peripheral countries, face the growing threat of a Greek default that could lead to, depending on how it happens, Portuguese, Irish and even Spanish or Italian defaults. The EU's decision, in opposition to the people of Europe, to rescue the banks, and the tightening stranglehold of debt it implies, could end up undermining its original objective. The situation is more and more like that of 2007-2008, when the collapse of the mortgage securitisation market in the US led to the contagion of the financial crisis, but this time the 'toxic assets' might be the government bonds of the so-called peripheral countries. In the absence of a decisive European intervention, default would surely bring down the weakest European banks. In turn, this new crisis, while originating on the other side of the Atlantic, would spread due to the exposure of US banks to their European counterparts. The result would be a new phase of depression provoked by the insistence on putting the interests of capital ahead of any other criteria of social or economic sustainability.

In this context, the decision to 'rescue the banks' could have a boomerang effect. If this hypothesis is true, we are witnessing a mere operation of diluting the inevitable financial crisis that will eventually engulf the ever inflated European financial system. The leveraging of the major European (and US) banks (i.e., the relation between their actual monetary assets and the loans they have made or the assets that they hold) is so enormous that a moderate wave of financial panic started by the default of a handful of countries like Greece, Ireland or Portugal could lead to a new chain of bankruptcies and bailouts like those of Bear & Stearn, Lehman Brothers and AIG, but with household names on this side of the pond. In fact, it is the names of the big financial players that hide behind the flags of the peripheral countries and the largest nationalisation of private debt in European history. Should this banking collapse end up occurring, the constitutionalisation of neoliberal principles in the EU's institutional framework will join the list of the most potent economic poisons ever produced.

In other words, the Maastricht principles which have been consistently repeated in all subsequent treaties (control the public deficit, keep inflation low and public debt levels near those of the 'healthiest' countries) have not allowed for meaningful growth in the Eurogroup. The only exceptions have come at the hands of property bubbles in some peripheral countries, such as Spain. The current insistence on these policies, through the Euro Pact,[13] does not bode well in terms of a positive resolution of the crisis. On the contrary, insistence on these measures favours the creditors' position but cannot even guarantee their solvency in the medium term.

The problem is that there is no model to replace government by financial interests. There is no alternative, at least on the part of the political class and institutions, to another round of bailouts, social attacks and mass impoverishment of the European populations. In the current financial order, the German export mirage will not only be brief, but also has no chance of being generalised across the EU, at least not on the basis of a strong Euro and under the control of major European banks. In short, the EU's institutional facilitation of the sovereign debt bubble has been the stupidest response possible.

4. We still don't know what default on the part of one or a group of European countries would mean, and what the repercussions would be for the common currency. Starting with the wave of speculative attacks on sovereign debt in summer 2011, an extended version of the sovereign debt bubble has been developing in which this particular mechanism of financial extraction is becoming ever more agonizing. The downgrading of credit ratings on sovereign debt continues to open up spaces for high levels of financial profit. Simultaneously, stock market dips, led by bailed out European banks, have combined in a semi-automatic fashion with dramatic movements of capital toward the purchase of German debt (a niche of security) and the debt of peripheral countries (high profit niches). The result is a vicious circle which continually widens the difference between the costs of German financing and that of the peripheral countries, marked by two or three day cycles in which these economies approach breaking point. Greece continues to be the paradigmatic example. During September 2011, the risk premium on the Greek debt reached absolutely exorbitant levels of 50% to 110%. To give us an

13 A pact signed by the European heads of state in June 2011, supposedly to guarantee the region's economic stability. Among other gems, it included indexing salary increases to productivity increases, new commitments to budgetary adjustments and another round of flexibilisation (precaritisation) of working conditions. Its effectiveness as a mechanism of 'stabilisation' was made clear by the episode of sovereign debt crisis in July of that same year.

idea of the scale of this process of dispossession, we have to remember that the maximum interests that the Greek state paid on debt issued before the summer of 2011 was close to 20%, and even that was sufficient to warrant intervention in its economy.

In these conditions, the debate around default has become a central issue for European politics. To a large extent, default, at least in Greece, has been occurring since before the summer and the EU and the Greek government have simply been looking for mechanisms (refinancing, restructuring, etc.) to spin this as routine financial operations. Debt repayment is always a political variable and defaults, in turn, are complex political acts whose significance depends in large part on how they come about and who is behind them. A political and symbolic abyss lies between 'don't repay us' and 'we won't repay you'. In other words, while default as an initiative of civil society is a declaration of popular sovereignty, 'structured default', organised by the creditors, reinforces the control of financial agents over assets and future flows of resources. This is exactly what is at stake in Greece and what perhaps forms the immediate political horizon of the other peripheral countries. Faced with citizens rebelling against debt payment, affirming 'we won't pay' and demanding a democratic audit of the debt, the institutions of the EU and IMF threaten to declare the country bankrupt if it does not implement stricter austerity programmes and privatisations.

Exit from the single currency is invariable associated with default. It is a purely disciplinary argument, utilised by European institutions to threaten rebellious countries with the pure and simple removal of the European 'umbrella', exposing then to a ruthless international financial power that the EU itself has nurtured. But there is another, more 'progressive' version which also assumes a connection between leaving the euro and default. This position emphasises the recovery of national monetary tools, especially the devaluation of the currency, in order to boost competitiveness without the need to continue cutting salary costs. In relation to this position, however, the EU's threat to its peripheral members has a grain of truth that makes it extraordinarily effective. A series of smaller national currencies would be fertile ground for speculative attacks on exchange rates and this would have much more dramatic consequences than the attacks on the euro. This would very possibly lead to renewed rounds of austerity and privatisation. Faced with this scenario, it will be necessary to uncouple the right to default from leaving the common currency and to interpret default as a figure of democratic European sovereignty rather than a return to national sovereignty expressed through individual currencies.

1.4 The elimination of the welfare state and the crisis of the European project

The crisis has been accompanied by the most severe attack on social rights and wages Europe has known in the last twenty years. These reforms have been on the economic elites' agenda for a long time. Labour market 'reform' has worsened working conditions further in the interests of business and investors. The reforms also involve dramatic attacks on collective bargaining systems and impose stricter mechanisms for disciplining labour. The reforms of the public pension system are possibly even more relevant since this sector had never before experienced such a drastic challenge. Various countries (France, Germany, Greece, Italy, Portugal, Spain) raised the retirement age as well as the requirements to access full pension benefits, which will inevitably decrease the average pension level. At the same time, favourable tax terms have been granted to private pension funds which are managed by, you guessed it, the large European financial agencies.

The welfare state has become the principal enemy of economic elites. The response of the political class, ever docile before the financial oligarchs, has taken the form of the dramatic reduction of public funds, in turn linked to the privatisation of hospitals, health centres, social services and even schools. In other words, the famous European welfare state, the only symbol of 'civilisation' the old continent could present with any dignity, and even with a certain pride, is in the process of being reduced to an archaeological ruin.

None of these reforms should be considered as a reaction to exceptional times. The 'inevitability' of austerity measures is simply a repackaged version of a well-established neoliberal programme. To get a sense of the prominence of that programme we need look no further than the recent history of the EU. The Maastricht treaty, signed in 1992, was a key moment in terms of the prioritisation of neoliberal policies, policies which would later be reproduced in the failed European Constitution and the Lisbon Treaty. Maastricht not only imposed new controls on public spending and inflation, it also included the liberalisation of energy markets, telecommunications, natural gas and postal services. This meant privatizing core European public companies in areas that were considered until then as 'natural monopolies' and hence as unsuitable for competitive markets. The strategies to liberalise and privatise certain transport related services and infrastructures, such as airports, ports, highways and railways, were similarly inspired by neoliberal ideology. These initiatives sometimes resulted in the wholesale privatisation of such services, as happened to Britain's airports and railways.

The Lisbon Treaty, which took the place of the rejected European Constitution of 2007, has further advanced such policies of liberalisation and deregulation. It is worth mentioning here the Services Directive from 2006, also known as the Bolkestein Directive. This initiative simplifies bureaucratic processes for companies to locate their main offices or subsidiaries in EU countries and allows these companies to downgrade their working regulations to those of the country of origin. According to this clause, companies can hire workers under the regulations of their country of origin, which facilitates 'social dumping'.[14]

14 A few controversial European Court of Justice decisions illustrate the implications of this Directive. On December 11th 2007 the ECJ denied recognition for the Finnish Transportation Union strike of 2003. The FTU was arguing that Estonian workers employed by the Finnish company should have the same working conditions as Finnish workers. On December 28th 2007 the ECJ allowed a Latvian company subcontracted by a Swedish company to pay their workers according to Latvian wage laws. On April 3rd 2008 the ECJ again declared that, according to the same principle, the German wage agreements for the construction industry did not apply to 52 polish workers employed through a Polish company.

As with the majority of neoliberal policies, the sacred principle of competition is based exclusively on the unilateral reduction of wages. According to the OECD data over the last decade the lowering of wages has largely been achieved. During the 2000s, salary costs in the EU countries have either stagnated, as in the case of Germany, or have moderately increased but at levels way below profit increases, as happened in France or Italy. The control of wages, implicit in the anti-inflationary policies promoted by the Maastricht Treaty as well as the ECB, together with labour market reform, adds up to an official policy of mass precarity across the continent, but particularly in Southern and Eastern countries.

The latest conceptual novelty of the defenders of labour market 'adjustments' is so-called 'flexicurity'. This clever combining of opposed concepts signals, in fact, three main objectives: (1) complete flexibilisation of contracts and layoffs; (2) active labour training and education; and (3) improvement of unemployment benefits. The first measure is a prescription, while the second is places faith in the transformation of education into the principle process through which workers adapt to companies' changing demands. The third goal is merely a 'palliative' measure to deal with high workplace turnovers and growing levels of precarity.

This is a new version of 'workfare' (as opposed to welfare), a regime based on forced labour and where all social benefits are dependent on the active search for employment. This approach to regulating labour acknowledges the problem of employment but in a very perverse manner. In a context of high structural unemployment, when unemployment is between 7-10% in most European countries (even during periods of growth), the reformers adopt a strategy of forcing individuals to become more 'employable'. In reality, this measure results in a complete elimination of all those forms of life that develop at the margins of a labour market which is increasingly precarious and underpaid.

The increasing precarity of life and working conditions is even more severe among migrants, particularly for the 30 million non-EU migrants. Immigration laws, harmonised under the Schengen treaty since 1995, regulate migrants via a visa system which corrals them into the worst paid jobs. Nonetheless, since 2008 a contracting labour market has posed the problem of an 'excess' of workers, and migrants have been used as the only variable in adapting to this situation. In June 2008 the EU drafted a Directive for returnees. The main goal of the Directive is to deport eight million undocumented migrants. The focus is on facilitating voluntary return but also speeding up deportations, including for unaccompanied minors, and increasing the maximum period that the undocumented can be detained (in detention or 'removal' centres) to 18 months.

It is also important to mention that the neoliberal 'reformers' have set their sights on basic social services, such as education or health. On the basis of the supposed waste and overspending in public services, and in the context of increasing scarcity with regard to funding, the neoliberal solution proposes the introduction of market mechanisms. Unsurprisingly, this process starts with the privatisation of the most profitable services and leads to a continuous degradation of their quality. The reform of health since the end of the '90s in some countries provides an illustration of this process. This reform aims at restructuring the health system according to strict economic criteria and privatising management through different programmes, such as so-called Public-Private Partnerships. The latter seeks to shift the provision of social services to the private sector while at the same time providing public funding, thus guaranteeing profits. This process of privatisation is almost complete in Britain and it is a work-in-progress in other countries and regions (e.g. almost all Spanish autonomous communities, some German länders and several Italian hospitals).

This reformist impulse has also attacked another fundamental European institution: the university. The development of the European Higher Education Area, also known as the Bologna Process, takes the form of policies and trade agreements with regard to the liberalisation of services. Needless to say this is all very much within the framework of the World Trade Organisation. With the pretext of creating standardised qualifications, these policies are transforming European universities into companies selling academic and research services. The language used in many of these official documents, often seemingly democratic and well-intentioned, needs to be seen in the light of the actual consequences of such initiatives.

The supposed need to 'recapitalise' universities basically involves raising registration fees, financing university through student debt, and corporate participation in applied research and in the management of the university. The creation of 'synergies' between the university and society has simply meant a major presence for big corporations on governing bodies, while at the same time reducing education to cost-benefit analyses in monetary terms as well as in terms of 'labour market outcomes'. The primacy of competition over content prioritises the development of generic, labour market-friendly skills above the critical role of the university.

In the light of these reforms what appears to be in crisis is the principle of universal public services or the concept of social rights, as these are made conditional upon labour and productivity. In the medium-term, this process will lead to the extension of the private provision of traditional social and public services, mostly through financial mechanisms (such as credit, insurance, pension funds). As a result, what remains of public services will be degraded and reduced to charity for those most in need. In fact, as well as being less equitable, market solutions are generally more expansive; at the end of the day profit for the private sector has to be underpinned by the state. They are linked, however, to the political attack on public spending.

According to Eurostat, between 2000 and 2007 spending on public services in the EU, which includes all major state spending except for monetary transfers, decreased in one point in relation to the EU's GDP. It was only afterwards, in the context of the crisis, that this rate began to increase. For instance, German public spending decreased three points in relation to GDP over the same period. There is no doubt that the austerity plans which kicked off in 2010 will further advance cuts in public services and further pro-market reforms.

The decline of the welfare state and of redistribution measures is a crucial mechanism in dispossessing large sections of society. The following example illustrates this trend: in Europe there are more than 100 million people in poverty (i.e. with an income below 60% of the average national income per capita). Data from Eurostat illustrates enormous increases in this trend over the past decade (1999-2010). In most European countries poverty rates have increased by more than 50%. The population of those under the poverty line has doubled in the Baltic countries, increased by 80% in Poland, the Czech Republic and Greece, and by 60% in Spain. The four largest countries did not escape from this trend either. In Italy poverty has jumped by 54%, by 40% in Britain and France, and by 35% in Germany. In absolute terms, each of these four has around 10 million people living in poverty.

Of course, precarious working conditions, wage control and attacks on social welfare, followed by the social fractures produced by the crisis, have led to a rapid increase in the numbers of people experiencing deprivation. Many of those (the majority of which are women) are underemployed and work in badly paid and unskilled work. They are the working poor of Europe.

The correlate of this phenomenon has been the huge income increases for a very privileged segment of the population: the 10%, 5% and above all the 1% of high-earners and property owners. Although there is no aggregate data on the concentration of wealth among the rich, all the research and national sources point in the same direction. A small segment of the population is obtaining incomes that are five, ten or even 100 times the average salary of their countries. Similarly there has been a rapid increase in the assets of this section of the population. The financial bubbles have been a powerful tool to strengthen their position of privilege.

This set of processes, which must be considered as an extensive programme of impoverishment, are far from simply being the natural result of the current economic model. Without the active participation of public policies the results would have been much less severe. The cornerstone here is fiscal policy. European countries have been reducing corporate and capital taxation over the last decade. The cost of this reduction has been transferred to tax on consumption and workers income, which together make up the majority of the tax take. Over the last 15 years, the maximum rate of income tax decreased by more than 10 points on average. These policies are, in fact, measures subsidizing the rich. These are the same polices that became prominent in the US and progressively spread to the other side of the Atlantic. This is also yet another indication that neoliberalism does not declare war against the state so much as it proposes the appropriation of the state by the economic and financial elite.

1.5 Geography of the crisis

The crisis is brewing around a particular social and political geography. None of the aforementioned policies are homogenously distributed across the EU. The financial pressure on the so-called peripheral countries is an example of the way in which the crisis fractures and marginalises the most fragile populations and regions. As a result, the centre-periphery dynamic returns to the old continent.

In similar fashion, the policies that eliminate the welfare state impact particularly on the poorest groups. The results of such measures can be clearly seen in the degradation of urban peripheries across the European landscape. This dual fracture —between centre and periphery and within the major European metropolises— determines the geographies of the crisis and therefore delineates its most explosive fractures.

The legitimacy of the European project, what we might even call the 'European dream', was sustained on a particular social and economic model of inclusion. This model held out the promise of progress to 'peripheral' member states from the South or East. This ideological recipe included two basic ingredients: democracy (as opposed to the dictatorial past of these countries) and a modernisation which has meant access to consumption and, particularly in the left versions of this narrative, public services and social welfare. In all of this the EU's self-image has been based on a simple dichotomy: on the one hand, a democratic and civilized market economy; on the other, Europe's outside, its 'other'.

This particular map located the European periphery beyond its boundaries, at least for the southern countries. This periphery consists of the Eastern countries that have recently been incorporated into the EU, such as Romania and Bulgaria (which have become a profitable source of cheap labour for the most dynamic economies) but also the countries on the southern coast of the Mediterranean.

Morocco, Tunisia, Algeria, Libya, Egypt, but above all Turkey, have played an important role in the projection of Europe's 'other'. However, if we take into consideration the real economic and political dynamics of the EU, these countries are by no means external to it. The key contradiction here relates to the asymmetry between a political Europe, organised around the external boundaries delimited by Schengen, and an economic Europe that can only be understood by including the whole continent and the southern coast of the Mediterranean. In this sense, while North Africa and Turkey are presented all too often as Europe's opposite, with their largely Muslim culture and authoritarian political systems, at an economic level they are in fact as much a part of Europe as the countries of the east. Industries, especially if they are highly-pollutant and of low added-value, have been relocated to the south of the Mediterranean Sea, while the gas and oil Europe consumes originates in the same place. But beyond these facts, these countries are European because a significant part of their population is already European. More than 10 million people of North African origin live in Europe with different degrees of access to citizenship. The figures for the Turkish population are similar.

Flows of investment, goods and people are constant across this space. Europe's borders only work to filter them in a manner which exploits the south to the benefit of the north. These borders have themselves been displaced towards the south, turning these countries into a kind of floodgate to enter Europe. The EU has also financed the policing of the borders by border police, prisons for migrants and a classic palliative intervention by an army of NGOs. According to this perspective, the image of the Maghreb, Turkey or the Middle East as Europe's 'other', inassimilable to the social and political structures of the continent, is really an ideological support to economic exploitation rather than an insurmountable cultural difference. Opposing those who promote islamophobia and racism, the occupation of Tahrir square and mobilisations in Tunisia demonstrate that the lessons in democracy Europeans have to teach their North African counterparts are few. What is more, they suggest an unexpected alliance between movements on both sides of the Mediterranean.

In any case, and thinking again within the framework of the EU's official map, the crisis has turned the old European dream into a nightmare that each country experiences with varying intensities. Old echoes of a two-speed (or even three or four-speed) EU, discussed at the outset of monetary union, have returned in the form of the continental fractures provoked by the sovereign debt crisis. There is no doubt that Eastern countries, particularly Baltic countries and the new member sates, saw the European train depart without them while the collapse of their economies rolled back what little progress had been made over the past decade. The East-West division is now similar to that of ten years ago, and euro membership, if the currency survives, will undoubtedly become a very long-term goal for all these countries.

Within the Eurozone, the sovereign debt crisis provides further lessons in terms of competition between member states. It is not surprising that Germany has aligned itself with the European banks to punish the countries of the periphery. In addition to stabilizing its hugely exposed financial institutions, speculative attacks on the debt of peripheral nations have had a very positive impact on Germany's own bonds. As mentioned, public debt in European countries is evaluated in relation to the German bond and Germany has been able to use this advantageous position to secure a relatively low interest rate. Therefore, the country of 'sensible saving', competition and strong exports has been able to cheaply finance its own debt, which, in fact, was greater than the European average. The consequences of this dynamic are threefold. First, the cost of German unification and two decades of economic stagnation have been mostly forgotten thanks to free competition in debt markets. Second, the populations of the periphery have paid for Germany's advantageous borrowing opportunities. Third, the north-south fracture of the EU has come to be visible again. The gap here, hidden until now by regional structural funds and recent growth in some of the southern countries, has even been used to threaten some member states with expulsion from the euro.

The internal fractures of the EU (East-West and North-South) are, for now at least, less explosive than those cutting across our major cities. Inequalities become completely intolerable when placed in such sharp juxtaposition. Europe's 'global cities' are today characterised by financial centres, safe havens for European corporations, global cathedrals of consumerism and playgrounds for the European elite. The same story is visible within all the metropolitan regions of the EU such as Paris, London, Madrid, Berlin, Milan, Brussels, etc. In contrast, we find in these cities millions of precarious and underpaid workers, often of transnational origin and increasingly excluded from public services and social rights.

In other words, extreme ostentation and extreme precarity appear side by side, as do massive concentrations of power and a socio-cultural collage condemned to miserable wages. The income gaps separating one neighbourhood from another are becoming enormous. Income gaps between neighbourhoods, for instance between the City of London and East London (now home to the largest concentration of people of Indian origin in Europe) is larger than the gap between the First and the Third World. The following sums up this trend: in a single city the richest 10% often enjoy an average income 300 times greater than the poorest 10%.

The urban crisis is not a result of the economic crisis. This dynamic has been developing over the last decades. The key mechanisms behind it are the elimination of the welfare state; the deregulation of the labour market that has created extreme precarity for the most unskilled workers; the abandonment of social housing pushing people into the most degraded neighbourhoods; and finally institutional racism. The most notable trait of this new urban proletariat is its hybrid composition as it is largely made up of migrants from former European colonies and their children. Rarely can these women and men access full citizenship in their country of residence. They may be excluded from citizenship or even lack a residency visa, but even when this is not the case the double stigma of being poor and non-white turns them into citizens of second or third class. As a result, they are subjected to specific forms of policing and control.

The revanchism of the political and economic elites goes beyond, on the other hand, the most impoverished sections of society. This project attacks in a particularly destructive manner a pivotal class in European societies: the middle class. The latter refers to a complex mix of social positions, from liberal professions to qualified workers. They all shared a common trait that was basically the possibility to think about the future and avoid simply surviving from one day to the next. This possibility of a secure future was normally organised as a family project and was supported by public pensions, basic social services (education and health), and job security. As a result, this form of citizenship gave meaning to membership of the 'national community'.

Today we are far from such a scenario. Precarity, labour flexibility, and the degradation of social services hitherto provided by the state and now provided by private entities (pension funds, insurance companies and health plans) have broken the 'social' contract. The middle classes have been progressively eroded and a new generation of workers has emerged, forced to live under increasingly precarious and insecure conditions.

The political implications of the new composition of the European metropolises are unclear if not contradictory. On the one hand, it has produced increasing tension resulting from competition for increasingly scarce resources – such as jobs or social provisions. The political manipulation of such tensions leads to a kind of 'war between the poor', playing into the hands of the far-right in Europe. These groups play with nostalgia for a lost social and national belonging, the value of work and traditional family forms. Such nostalgic desires are opposed to today's urban cosmopolitanism, identified with 'foreigners' despite the fact they have lived with us for several generations. The far right is the most important political pathology of those being pushed to the bottom: the same French workers who yesterday voted left vote for Le Pen today.

On the other hand, the young proletariat that is condemned to underemployment, precarious jobs, subjected to police control and institutional racism, and seeing no hope for their future, is characterised by a potentially explosive impatience. This phenomenon does not refer simply to the diverse youth subcultures multiplying among this section of society, and supporting important industries such as that of music. Nor can it be limited to the rejection of state institutions, evident in 'gang culture' or petty crime, both of which are exploited by the media to generate an atmosphere of social emergency and fear. What we are referring to, instead, is the quasi-insurrectional events taking place over the past years. There is still an absence of social and political analysis of these events that might go beyond criminalisation or benevolent 'compassion'. Some examples include the revolts of the French banlieues in 2006, those of the Greek youth in 2008 or the London riots in 2011.

But perhaps the most compelling political reaction to this context of general social impoverishment is the emerging European movement of the last two years.

II. A spectre is haunting Europe

A spectre is haunting Europe. It is growing strong in the southern shores of the Mediterranean and threatening the northern countries. The movement is known by the names of the main public squares in the big cities: Tahrir, Syntagma, Puerta del Sol, Plaça Catalunya. Its strength lies in the rejection, even the overthrowing, of forms of government that are degenerate, corrupt, and incapable of putting a stop to financial dispossession. 'They don't represent us', shouts the movement in the Spanish plazas. The word 'democracy', transformed into a collective demand, announces a time for a politics unfettered by the established forms of representation. Neither trade unions nor political parties are able to capitalise on the movement. Only collective strength, a cocktail of imagination, direct democracy and horizontal communication, builds and extends the ongoing revolution.

This movement has been compared to the revolutionary outbursts of 1848.[15] And there is more to this than a simple comparison. As in 1848, the insurrections threaten to become a revolution. As in 1848, the outbursts leap from one country to another, spreading and learning from one another in a spiral of radicalisation and political re-invention. It is still too soon to know where the insurrections will end. Yet it was precisely during the 1848 revolutions that the first organisations and demands of what would become the labour movement appeared. As did the notion of a democracy beyond mere franchise, in other words, the notion of social rights as a pillar of real democracy.

What follows is an attempt at a genealogy of the first stages of this movement. The movement was preceded by the youth protests that happened across Europe in the second half of the 2000s. It also finds some roots in specific conflicts around public services and, in particular, in the mobilisations against the crisis of 2010 and 2011. We could also say that it has an important precedent in the global movement of 1999-2002 and the great demonstrations against European participation in the Iraq War of 2003. As in past waves of protest, the internal motor of

15 The 1848 revolutions, also known as "The Spring of the Peoples", put an end to the Europe of the Restoration that came out of the Napoleonic Wars. The revolutions started in Paris and afterwards extended to the German and Italian states, Austria and Spain. Besides being in a proper sense the starting date of what we could call the modern "social cuestion", by hand of the incipient labor movement, the first real-time communication device - the telegraph - played a crucial role in them.

the new European movement has been outrage at the injustice of the political and economic order imposed by neoliberalism, at the social decomposition now decades old, and at the increasingly unbearable illegitimacy of our political systems. In this sense, the crisis has been merely the detonator of the deep-seated conflicts at the heart of European societies characterised by growing tension.

2.1 Resistances against social decomposition: youths, declassed, peripheries

Neoliberal hegemony has had a powerful and unforeseen effect: it has drastically diminished the ability of the institutional apparatuses to include the generations who have been deprived of the rights their parents had - traditional workers' rights - and who are living outside any institutional framework that might achieve their normalised integration. Young people, the perennial targets of the culture industry, are the worst hit by financial pillaging. The erosion of the welfare state began by expelling the younger generations from its protective umbrella. This is especially true for those young generations condemned to inhabit the peripheries of the continent (the weakest countries) and of the main European metropolises (the poorest sections of society and second and third generation migrants). As such, it comes as no surprise that the movement against the crisis in Europe was presaged by some disruptive mobilisations. These mobilisations can be situated between conventional forms of struggle (such as student movements) and expressions of rage and unrest by the most disenfranchised. The various forms of protest at stake here swing like a pendulum from the classrooms of universities and schools to the fringes of the marginalised neighbourhoods. Only three of these phenomena, perhaps the most important ones, will be analysed here: the uprising of the French banlieues in 2005 and 2006; the 2008 riots of Athens and Thessalonica; and the European student movements against the Bologna Process.

1. On October the 27th 2005, after a controversial police action, two minors died as a result of electrocution in a Parisian suburb. A third young person was severely injured. Over the following days, the suburbs of Paris, Toulouse, Lyon etc. (i.e. the banlieues), traditionally characterised by a working-class population of migrant origin, exploded in a series of violent clashes, indiscriminate car burnings and assaults on shops and institutions. These events were repeated for days and took on a new intensity in the spring of 2006. The youth violence had no recognizable political expression. It seemed the end result of the 'ghettoisation' of peripheral neighbourhoods and the socio-economic exclusion of the youth - the children and grandchildren of the Maghreb and African migrants who arrived in France decades ago and are yet to be recognised as full French citizens. It was, therefore, a revolt against the ferocious institutional racism exercised by the police and by an education system that systematically confirms their position of exclusion: condemning them to sub-employment, precarity, unemployment and prison.

French society was astonished at the seemingly incomprehensible brutality of the revolt. The left distanced itself from the violence of the new 'barbarians' while the media were full of chatter about the problems of school, insecurity in neighbourhoods and the future of young people. But the official response was simply law enforcement. At the behest of Nicolas Sarkozy (then Minister for the Interior) curfews were introduced, the police occupied whole neighbourhoods and hundreds, even thousands were arrested.

Soon after, almost in parallel with the unrest in the banlieues, at the opposite end of society, the revolt of the universities erupted. The cause was Minister Villepin's Bill that introduced the so-called 'First Employment Contract' (CPE). As in other countries where similar legislation had already been passed, the CPE represented the total deregulation of the conditions for hiring and firing people under 26. The wave of protests that shook France between February and April brought millions to the streets. Colleges and universities were locked down. Two strikes were called. Countless actions took place in many cities. The social pressure was so great that the government had to step back and withdraw the draft legislation.

The coincidence between the two revolts, that of youth on the periphery youth and that of students, is no accident. They share more than an age profile. Both sets of protests are characterised by a common diagnosis that the future is not theirs, that the horizon is dominated by insecurity, frustration and the impossibility of a 'good life'.

The response of 'adult' society to the demands of the youth was, however, disappointing: the French elected the little Bonaparte known as Nicolas Sarkozy to replace the old President Jacques Chirac. His electoral victory was based on two promises: security and national regeneration. The former was to be achieved by means of force and authority, aping the Le Penist right wing which, as a result, seemed to lose its *raison d'etre*. The latter, aimed at resolving the supposed identity crisis of the Republic (without anyone knowing exactly what such a thing might be), involved a new presidential style of government, signalling a new governance model for the twenty-first century. Sarkozy's victory speech was, in fact, about overcoming the old ideologies (left and right) and the polarisation of electoral politics (with the neo-fascist Le Pen, on one hand and the different Trotskyist parties, on the other). Sarkozy showed himself as an apprentice Machiavellian prince here. While playing with the language of authority and the iron fist, his government incorporated a number of former leaders of the social left. This functioned as a powerful pillar for his programme of national reconciliation and his neoliberal economic project.[16]

The 'Sarkozy effect' enabled nearly three years of social peace. During these same years the French institutional left fell further and further into crisis, unable to draw significant lessons from the revolts of 2005-2006. It was only in the

16 The most striking examples were the ideological conversion of the former founder of *Medicins Sans Frontieres* Bernard Kouchner, Sarkozy's brand new Minister of Foreign Affairs, Fadela Amara, one of the founders of the movement *Ni Putes Ni Soumises* (commissioned by the government to combat gender violence), Hirsch, former president of the organization EMMAUS France and other charismatic characters of France's May '68.

context of full recession, when Sarkozy's liberal agenda was laid bare, that a new political and social response was articulated in order to halt the rolling back of rights and to undermine the president's media image. In 2010 strikes and demonstrations would reignite France.

2. In another corner of Europe, December 6, 2008, the young Alexandros Grigoropoulos was murdered by the police. The murder took place in Athens. In the following weeks, the centre and some districts of the capital, but also of Thessaloniki and other smaller cities, erupted into a pitched battle. Thousands of hooded youths clashed with the police, occupied colleges and universities, entrenched themselves in some parts of the city in which not even law enforcement agents dared to enter. Beyond the *casus belli*, the riots were a symptom of the degradation of the social position of the middle strata of Greek society, understood most keenly by its preferred victims: young people. It was they who led an unprecedented attack on a model of government that, unable to provide any possibility of a decent future, resorted (and resorts) to repression, increasingly removed from the most basic democratic protocols.

But the riots of 2008 had a longer reach. They pushed the institutional arrangement, created by political and economic elites at the end of the military junta in 1974, into a stage of terminal crisis. The particular Greek version of the historic compromise, the so-called Metapolitefsi, had led to agreement between left and right (PASOK and ND) for over 30 years in terms of what is acceptable and unacceptable in 'democracy'. As in the Spanish case (with its constitutional commitment and the consensus of the Transition), the Greek Metapolitefsi created an atmosphere of consensus which attempted to foreclose all forms of opposition. In fact, beyond the declining role of working class organisations, the only opposition came from new social groups, many of them student-based, which over the eighties and nineties occupied government buildings and universities. Importantly, these 'youth movements' were the only ones to respond 'in real time' to the increasing indistinction between the parliamentary left and right in Greece.

With an anarchist or independent political culture, these groups have always been criminalised and sometimes accused of being the irresponsible result of a privileged generation. And yet, throughout the second half of the nineties and early two-thousands, this youthful political culture did not stop growing, ushering in new struggles around issues such as labour relations, urban problems or the conditions of migrants.

In short, the riots of 2008 condensed more than 20 years of political disaffection. The riots were the end result of the dramatic deterioration of the legitimacy of democratic institutions. That's why the uprisings in Athens and Thessaloniki can be interpreted as more than just a riot of political youth groups. They must be interpreted above all in terms of the radical failure of the institutional consensus and as a moment in which underlying tensions emerge in a manner which could bring together different social groups and shape new political communities. These alliances would be decisive in the articulation of the struggle against the brutal financial attack beginning in 2010. An indication of the relationship between the protests and financial speculation was already evident, way before 2010, in the way the 'markets' responded to the riots. Greece suffered a series of downgrades of its credit rating in a taste of what was to come in less than one year and a half.

3. The riots in France and Greece have not been the only youth movements in Europe. In other countries there have been similar protests, perhaps less acute, but in any case reflecting the strong precaritisation of labour and living conditions affecting the younger generations. This is the case, for example, of the demonstrations of 'V de Vivienda' in Spain which between 2006 and 2007 mobilised tens of thousands of young people against the rising cost of housing in the country that had been a flagship of the real estate bubble. But the movement which has acted as the strongest catalyst for the younger generation in a greater number of European countries is the struggle of students against the reforms imposed by the European Area of Higher Education, more commonly known as the Bologna Process. As mentioned in the previous chapter, this set of agreements sets the agenda for the reform and further 'commodification' of European universities. In practice this means higher fees, subordination of research and curricula to the interests of large corporations and the gradual transformation of public universities into providers of training.

The first strikes began in the late nineties, when most states began implementing the Bologna programme. But it was mainly in the latter half of the 2000s when they took on dimensions in some countries not seen since 1968. In Italy, to take the most important case, the proposal and approval of the Gelmini Act, which among other things lowered the University Finance Fund by 20%, quickly gave rise to an intense wave of protests. In October 2008, a demonstration of tens of thousands of students blocked the Italian Senate which was discussing the law at the time. The student movement, which was given the name *'onda anomala'* (anomalous wave) did not confine itself to large demonstrations in the streets. Strikes and occupations of schools lasted throughout the school year and it is estimated that more than one million students participated in them.

Earlier in Greece, in 2006, the mass occupation of colleges and demonstrations consisting of tens of thousands of people made headlines in the international press for much of the year. The movement was not limited in this case to students. One of its main engines was the Union of Teachers. In Spain protests took place throughout the academic year 2008-2009, also with demonstrations of tens of thousands of people in Barcelona and Madrid. In France, the movement acquired considerable size, in this case, against the new Freedom and Responsibility of Universities Act (Liberté et Responsabilité des Universités). Perhaps the most remarkable chapter was the occupation of the City Council of Paris, a memory and homage to the Commune of 1870. Even in Germany there were sit-ins and demonstrations and the first general strike of students in years.

Because of its intensity and extension, the so-called anti-Bologna movement in a sense set the scene for the European mobilisations of 2010 and 2011. And yet, as with other movements in defence of public services, the movement against Bologna remained somewhat trapped within the framework of each state. French, German, Greek and Italian universities mobilised in response to the reforms of their respective governments, pointing out the shared logic implicit in them and their European dimension. However, the degree of coordination between the different movements and the ability to pressure the higher levels of the EU was unfortunately much less evident.

2.2 Against the dismantling of the public sector

The great mobilisations of the past two years have also been preceded by a broad constellation of resistance, protest and struggle against the expansion of corporate greed in relation to public services. The convergence and accumulation of these movements largely explains the triggering of the general strikes of 2010 in many countries. However, when analyzing these experiences one can observe the powerful limits they face. On one hand, the limitation of the movements to certain sectors and geographies is striking when compared to the global and all-encompassing project of privatisation and liberalisation. Similar processes of privatisation in two sectors of a country or of the same sector in two or more countries have rarely resulted in the convergence of movements in a common programme of struggle. Moreover, these movements have remained somewhat minoritarian, a consequence in no small measure of the successful anti-union attacks that many governments, especially Britain, conducted in the 1980s. Indeed, at least until 2010, the struggles for public services have nearly always remained confined to a given sector under reform, with no possibility of connection with larger social realities, and often carried out by unions and labour groups which are isolated with respect to the large unions in their respective countries. Finally, we must recognise that big trade unions, as has so often been the case, have been more interested in negotiating reforms than in effectively countering them.

Resistance against the privatisation and commodification of basic services such as transport, health and education is as old as the European neoliberal project itself. Its origins can be traced to the strikes of the early eighties in the country we should consider Europe's principal neoliberal laboratory: Thatcher's Britain. Unlike the continental countries, Great Britain was the first to promote the liberalisation of formerly 'strategic sectors' such as air traffic or energy, before moving on to education and health. Within a few years the EU had taken the British experiment as a prototype for its policies.

As we have seen, since the adoption of the Maastricht Treaty the neoliberal programme has been deployed in two movements. The first one takes aim at the old 'natural' monopolies in state hands, i.e. telecommunications companies, energy and transport. In this phase, which lasted the entire decade of the nineties and in reality has yet to end, saw the privatisation of a large number of public assets, often at bargain prices. It is worth mentioning here the example of the leading German railway company, Deutsche Bahn. In 2007, the company had assets estimated at a value of over €150 billion. Yet it had a selling price between €8 billion and €25 billion.

Liberalisation policies (for the want of a more appropriate name) have also been central to western capital's attempt to take over major public assets across the globe. It is worth recalling that between 1982 and 2002 $10 billion worth of companies were privatised worldwide. 80% were acquired by companies from the OECD countries, allowing the international expansion of some European corporations which until then had only a modest national basis.

The second movement unfolded in the 2000s and received further impetus during the years of the crisis. It primarily targets those areas of the public sector that can only be commodified via complex financial machinations. These include the public pension systems and the main public services such as education and health. In this case, the way in which 'liberalisation' has been articulated can be grasped on three primary levels: (1) the entry of private capital whether through the privatisation of certain services, outsourcing or partnership with public institutions; (2) the introduction of market criteria in public services, in other words, the tendency towards service provision based on profitability rather than quality; and (3) shifting the extra costs required to generate private profit to public service users, either through co-payment or increased fees.

In this double process, covering over twenty years, the protest movements have jumped from one sector to another and from one country to another, but almost always chasing the initiative of the reformers. In a way, the intelligence of the neoliberal project has consisted in its ability to adapt the pace and severity of its attacks in accordance with the resistance it encounters.

In the railway sector, for example, the strategy of dismantling and privatizing public enterprises has had inconclusive results. The pioneer was once again Britain. In this case, the process of privatisation lasted from 1993 to 1997 and operated through the creation of different companies out of the separation of the different segments of the service (infrastructure, rolling stock, maintenance, freight, etc.). The purpose of this division, which has since been repeated in many other sectors, is to privatise the most profitable parts and to keep in public hands, and almost always at a loss, less profitable aspects such as construction and maintenance of infrastructure.

Despite strong opposition from the British unions and the disastrous results of privatisation (closure of lines, significant loss of quality of service, some fatal accidents) a few years later the EU published its White Paper on European Transport Policy for 2010: time to decide. In this text, first published in 2001, the same arguments and procedures that had recently been used in Britain were uncritically reproduced. Following these guidelines, Germany, France and Spain have initiated segmentation and privatisation of operating companies and those responsible for infrastructure. However, the strength of sectoral unions, which are not always in agreement with the major trade unions in each country, has prevented, at least for now, the progress of privatisation beyond its early stages. In France, for example, protests held over more than 15 years have managed to block privatisation plans. In fact, the major transport strikes of 1995, November 2005 and the recent demonstrations of French public sector workers have dramatically pinned back a process that has progressed with somewhat less opposition in the rest of Europe.

At the other extreme, the financial attack on the 'peripheral countries' is also accompanied by a new boost to privatisation, this time within the much wider framework of austerity programmes. Thus, the so-called bailouts of Greece and Portugal include detailed references to the privatisation of public railways. In record time, the Portuguese Comboios and the Greek OSE have been cut up and sold off. As happened in other countries, rail and transport unions in Greece and Portugal have been one of the main drivers of general strikes and mass protests against fiscal adjustment.

In the air transport sector, privatisation and liberalisation has paid off faster and perhaps with less conflict. For the most part the major European air carriers have been in private hands for over 20 years. In fact, the sale of British Airways in the late seventies was followed by something of a domino effect in terms of similar privatisations (Iberia, Lufthansa, etc.). However, the privatisation of major public airline companies is far from the end of the liberalisation of air traffic more broadly. The 'open skies' agreements with the US signed in 2007 and 2010 and Regulations 2408/92 and 255/2010 have set new targets that threaten all elements of airport infrastructure, from control towers to the airports themselves. As usual, Britain placed its major airports on the market years ago, with more than dubious results. The recent announcement of David Cameron's Conservative government to sell the remaining public capital in control towers was at the root of the public sector protests that culminated in the general strike of public sector workers on July 1, 2011 involving more than 750,000 workers.

As in the rail sector, the crisis has renewed pressure from European construction and infrastructure management lobbies. This has led to the privatisation of Greece's Olympic Airlines, the sale of the Spanish public company for air traffic management (Aena) and plans to privatise the most profitable Spanish and French airports. These plans have caused major strikes, not always popular, of some sectors such as air traffic controllers in France and Spain, who staged a series of wild-cat strikes in July and December 2010. In Spain the strike could only be tackled through an old remedy: the militarisation of control towers.

Struggles and resistance against the attack on public assets have also spread to other areas targeted by financial plunder. For example, water utilities have been privatised in full in many European countries and are in the process of privatisation in several Spanish cities and regions. The rejection of the privatisation of water in the Italian referendum of May 2011 was a significant victory in this regard.

It is also foreseeable that in the coming months there will be a new round of labour disputes in the field of postal services. Directive 2008/6/CE has set the date of December 31, 2012 as the deadline for the liberalisation and sale of European postal services. In strict obedience, Belgium, Britain, Germany, Spain, France and other EU countries have converted their postal structures into conventional companies, which in turn have been disengaging some services that have already been sold to private entities. Of course, some of the countries subject to 'bailouts' have been forced to bring forward that date. This is the case of the Greek government which has recently sold the company Hellenic Post as part of the adjustment programme of May 2010. Privatisation led, in October of that year, to a strike that lasted for four days.

The list includes, in short, railways, airports, water services, postal services, highways, telecommunications, ports and virtually all other public infrastructure. However, because of their special social impact, the commercialisation and privatisation of the main pillars of the old European welfare state, primarily education and health, is even more important. The birth and expansion of university-businesses and the student response to the dismantling of higher education have already been described. As such, let us turn to the public health systems. These have similarly been subject to serious attacks which have, in turn, been countered (with varying degrees of success) by opposition movements that have brought together health workers with service-users and patients.

For European financial capital, and for many of the large new service-providing corporations, privatisation or co-management of public health systems represents a great opportunity. The enormous public health systems include basic infrastructures (clinics, hospitals, specialty treatment centres, etc.) but also a multitude of services (medical, cleaning, security, administration, catering, etc.). All of this can be carved up and outsourced. The figures are in the billions. In fact, the commercial potential represents approximately 9% of European GDP.

Britain, yet again, has been the vanguard and testing ground of new 'market-based' approaches. In the last two decades, the remarkable and previously efficient National Health System has been sliced up and reorganised around innovative forms of administration such as PFI (Private Finance Initiative) hospitals. These are public hospitals built and managed by private companies in exchange for an annual fee. Although most studies indicate that this type of financing is ultimately more expensive for the public purse and leads to a significant decline in service quality, the EU has supported this formula in countless documents and guidelines. An unusual accounting practice plays an important role here. The European statistics agency, Eurostat, does not compute the future payment of the fees under PFI schemes as debt, as it would do with the necessary loans for the construction of a conventional public hospital. This means that a considerable amount of money can be kept out of the public deficit despite the fact that it is ultimately committed by contracts which will last for decades.

Following this logic, Germany has turned its network of hospitals into a set of public-private consortia operating in a partnership regime based on a special tariff system. Under this system, hospital services charge a fee for each service they perform. Needless to say, the result is a subtle shift of emphasis from quality of service to profitability. In the decade between 1998 and 2008 alone the German government has liquidated and closed 600 hospitals and medical centres in public ownership.

Both in Germany and Britain, the dismemberment of the public health system, the privatisation of health management and the deteriorating trends in terms of equality and quality of service have led to determined resistance. In Britain, the opposition of the medical and nursing schools has derailed on several occasions the supposed benefits to be derived from the new system. In Germany, protests and strikes have continued almost without interruption since 2005. In fact, salary reductions and erosion of the health system have led the health union, Marburger Bund, to call strikes that have sometimes been of a remarkable intensity and have normally taken place outside the main public service trade union. This was the case with a strike in the spring of 2006 that lasted for six weeks involving more than 70,000 university medical clinics and public hospitals.

Unfortunately neither of the two countries has managed to reverse the process, as happened in Sweden, which since 2004 prohibits the privatisation of hospitals by law. Swedish experiments with PFI led to a broad social protest that eventually prompted the new legislation. A similar process has occurred in Canada where protests by doctors and service-users have brought about, via referendum, the return of privatised hospitals to the public system.

The new model for health systems is, however, a prescription for the rest of Europe. In Spain, the generalisation of PFI hospitals and the privatisation of a number of health services is already a fact in many Autonomous Communities. France recently passed the 'Bachelot Act', which takes its name from Sarkozy's Minister of Health. This act opens the door to a broad programme of more or less covert privatisation, allowing the entry into the public system of private hospitals that charge for their services, following the German model of tariffs. The act and the public debate on the future of the French health system have led to strikes and demonstrations of health workers culminating in a general strike throughout the sector and to the days of struggle in April 2011. These were demonstrations which went beyond the health field and in which more than 80 organisations participated (including doctors, unions and LGBTQ, feminist and environmentalist collectives).

The crisis and financial pressure on states has meant not only a rapid acceleration of the privatisation process, but also significant cut backs and the introduction of forms of double-payment (euphemistically called 'co-payment') that require the patient to make a payment each time that he / she makes use of health services. In Spain, Portugal, Italy, France, Greece and Britain, these cuts have in many cases been massive and indiscriminate, to the point of eliminating important health benefits. Notably, Italy included in its package of austerity measures of July 2011 both cuts in the budgets of public health and a payment of between €10 and €15 for each diagnostic test or medical visit. In Greece, the introduction of such measures and the severe cuts that accompanied the adjustment plan in May 2010 seem to have already provided their first statistically significant outcomes: a clear downward trend in life expectancy. In fact, in almost all demonstrations and strikes Greek health sector workers have played a major role, led by the Federation of Hospital Doctors (OENGE).

2.3. The revolution that began in the Arctic Circle

The spirit of Iceland has visited almost all the squares of Europe. Its name evokes the possibility of a debt default led by a social movement capable of challenging not only the power of creditors, but also able to bring leading bankers to justice, to discredit and oust from the Parliament its political class and to promote a new constitution that aims to include innovative democratic rights. Although the echo of the Icelandic revolution is in some sense much greater than its actual achievements, the revolts in the land of ice were truly the first in Europe.

The recent history of Iceland could be a textbook example of successful financial engineering and neoliberal policies. In 2006, the same year in which the first symptoms of the unsustainability of the financial bubble were evident, Icelanders seemed the happiest people in the world and were the fifth richest in per capita income. The key to success seemed to lie in the dramatic growth of its financial sector. Such growth was the result of the typical combination of financial deregulation, large amounts of debt and a successful use of the opportunities offered by globalisation to transform the country into an offshore financial services centre, i.e. a tax haven.

In 1994 Iceland joined the European Economic Area. Translated into concrete policies, membership automatically entailed the deregulation of transnational flows of capital, goods and services. The Icelandic government abandoned, without so much as saying goodbye, the old 'Nordic' social model and welcomed a comprehensive programme for the privatisation of state enterprises and public assets. All this happened in step with, and because of, the rapid rise of a group of young politicians, educated in the School of Milton Friedman. As was the case in other countries, an extremely ambitious and unscrupulous political generation had the intelligence and capacity to seize the state apparatus. It was they who promoted the privatisation of major banks, which largely ended up in their hands, and shaped Iceland's particular financial model. That model took advantage of the global context of abundant credit via a very low-tax regime in order to swell the balance sheets and share prices of its top three private banks. And indeed, for over a decade, these banks grew to truly amazing proportions in relation to the size of the country: in 2007 they declared assets with a value equal to eight times the GDP of the island. They simply borrowed and invested great amounts of money through debt and leverage to a degree that would have been unthinkable some years before. The whole operation was signed, sealed and delivered by an Icelandic Central Bank completely committed to the banking business and supported by the excellent credit ratings from the rating agencies.

In any case, even before the chain of bankruptcies in the US, data was disclosed showing that something was very wrong in the Icelandic financial system. The silhouette of the massive Ponzi pyramid built by the Icelandic banks began to emerge, at least in international financial circles. The IMF and the Bank of England sounded the alarm: liquidity needs could not be covered by the monetary assets held by the banks. In case of difficulty the Central Bank of the island would be overwhelmed as the lender of last resort due to the oversized banks. But despite the financial scandals, the solution to the looming crisis took the prototypical form of any financial bubble: when you're in a hole, keep digging.

Some of the banks began to issue high yield bonds and deposit accounts that sold mainly in Britain and Netherlands, as in the celebrated case of the Landsbanki Icesaver bonds. At the same time, sophisticated financial engineering was put in place that, at least for a time, allowed the banks to obtain liquidity through the issuance of debt bonds. These are the famous 'Love Letters' in which the big Icelandic banks offered a large amount of bonds to regional banks on the island. These smaller banks, in turn, sold them to major European central banks, including another inevitable guest at this sort of party: the ECB. Thus, despite the financial scandals, the collapse of government (as the Social Democrats came to power) and early warnings that the bubble was about to burst, the situation continued for over a year. After all, the boom years had enabled the Icelandic population to lead a lavish lifestyle beyond the wildest dreams of their fellow Europeans. The banking bubble was accompanied by its own real estate bubble and credit had flowed into every corner of society. On the other hand, the political class had been literally 'bought' by their financial friends.[17] The same politicians who for years had translated the demands of the Chamber of Commerce into various laws and decrees emulated the seductive lifestyle of senior financial executives, with yachts, exotic vacations and villas abroad.

This gigantic illusion, however, fell apart. In the spring of 2008 the bad news began to arrive and two weeks after the fall of Lehman Brothers the major Icelandic banks went bankrupt. Of course, the Icelandic government did everything possible to ensure that their most respectable citizens could keep all their money (plus interest) before intervening in their bank accounts.

The announcement of bankruptcy immediately buried the country's credit rating and froze credit. At the same time, Britain, using an antiterrorism law, blocked the funds of Icelandic banks in its territory. The IMF quickly introduced its plan for managing the crisis; beginning with a severe budget adjustment affecting all categories of spending, health and education.

The bank failure was a sharp slap in the face for the island's citizens. The feeling of deception, political and financial corruption and the inevitable sense of rapid impoverishment pushed the placid and complacent Icelandic population to a state of mobilisation unknown in its history. First hundreds, then thousands and then tens of thousands of people began to congregate every Saturday in the main square in Reykjavik. Despite the raw polar winter, the slogans and songs shouted by people of all ages wearing thick coats filled the Saturday afternoons for months. In parallel, a large popular assembly was constituted as a counter-power to the Government, with weekly meetings aimed at deciding the future of the movement.

The situation had become untenable for the government. In January 2009 it eventually resigned to make way for a coalition government formed by greens and social democrats. However, the financial pressure did not budge an inch. The costs of the IMF 'rescue' amounted to the incredible figure of three times Iceland's GDP. The recapitalisation of banks required each Icelander to assume a debt similar to buying a new home. And then came the first significant victory. The pressure of the demonstrations achieved a referendum on the terms of repayment of bank deposits in Britain and Holland. 93% of the vote was negative; the debt would not be paid, at least for now. The political class was completely discredited.

The elections in Reykjavik also played an important role in this result. A group of artists, singers and comedians, former stars of the punk wave of the eighties,

17 It has been estimated that in 2007 more 50% of Iceland's parliamentarians had taken out very low interest loans worth more than the 50 million *kronur* (over half a million euros) as payment for the they services provided to financial institutions.

presented The Best Party. Among its proposals was the cancellation of all the debts of the country. Its actions included gluing the face of its principal bankers to many public toilets. The success was overwhelming; they won the mayor's office of a city that represents almost half the population of the island.

Since then the pace of political developments has accelerated. Public pressure has ensured that the courts undertake proceedings against some of those responsible for the crisis. A wide public consultation has been opened about the future constitution. In addition, a series of laws and decrees have been passed that have established consistent financial regulation, and expanded the legal scope for 'economic crimes'. Along the same lines, an interesting extension of freedom of communication and expression has been explored in legal terms. This is the case of the controversial media law that aims to make the country a safe haven for investigative journalism and freedom of information. This law protects sources, journalists and Internet service providers that host information. The mobilisation has also stopped government plans to accept a new programme of debt repayment. The triumph of the 'no' vote in the referendum of April 2011 meant the rejection of a new bank bailout plan.

The Icelandic case demonstrates, however, the limits of 'revolution in one country'. The crisis has continued to be brutal in relative terms. On one hand, international credit is almost completely dry. The Icelandic krona has depreciated by around 80% and GDP has fallen by 15%. Local governments have begun to feel the lack of resources while foreclosures and layoffs have kicked in (unemployment has increased from 1% to 8%). Commercial banks, recapitalised at great cost to the public purse, refuse to lend and prefer to safely deposit much of their funds in the Central Bank. On the other hand, the government has had to implement drastic cuts in social spending and the economic situation for the immediate future seems quite uncertain. Moreover, Britain has taken steps to bring the Icelandic government to international courts, considering it liable for the debts of British banks.

But even with all its limitations, the Icelandic case serves as a sharp contrast to the fate of some other European countries. At least the crisis in Iceland has triggered a modicum of democratic revolution. In other states of more or less the same size, such as Ireland or the small Baltic countries, the crisis seems to have been conducted in a single narrow direction.

The Irish case is significant in revealing the paradoxes of neoliberalism. The powerful growth cycle of the country in the 1990s and 2000s has been presented to the world as glaring and indisputable proof of the macroeconomic effects of orthodox neoliberal policies, in particular, corporate tax cuts. Ireland's upward cycle can be divided into two phases of very different kinds. Since the early nineties, Ireland attracted a large volume of foreign direct investment. Most of it was directed to the construction of manufacturing plants, encouraged by the relocation of US companies, often linked to the growth of telecommunications and attracted by Ireland's membership of the EU and a tax regime known for its laxity. In return, the substantial inflow of EU structural funds helped offset the drop in tax revenue. It is estimated that until 2001, 85% of Irish growth came from US multinationals. The Dell assembly plant is perhaps the best example.

Since 2001, however, the emergence of two factors inaugurated a new regime of growth. On one hand, the explosion of the 'dot-com bubble' in the US significantly reduced the flow of investments into the island. On the other hand, entry into the EU of the Eastern European countries produced a massive outflow of industrial capital to countries with lower labour costs. From that point it was finance which drove the process of accumulation, fuelling a vicious housing bubble that rivals Spain in price increases and in the number of homes built. In 2007, construction accounted for a whopping 23% of Irish GDP.

One can already guess the particular route that brought the Celtic tiger to crisis. The feature that has distinguished Ireland throughout the crisis is the size of government bailouts for banks. Credit institutions in Ireland had been inflating the housing bubble by resorting to heavy borrowing from international markets and now found themselves in serious solvency difficulties. In a move without precedent in Europe, the Irish government guaranteed the deposits of the problem-ridden banks. This peculiar nationalisation made society responsible for the totality of the monstrous losses of those banks. One of those banks, Anglo Irish Bank, absorbed a public bailout in 2009 worth €30 billion. Recent estimates put the cost of bailing out Irish banks between €50 and €70 billion, which amounts to between 25% and 35% of Irish GDP. In this scenario, it is not surprising that the public deficit of the beleaguered isle soared and the country became a target for the financial attacks that characterise the current accumulation model in the Eurozone. In November 2010, the Irish government was forced to ask for a 'bailout' of €80 billion euros from the EU and IMF in order to restructure its financial sector.

In the absence of significant social movements, and certainly nothing like the small Icelandic revolution, the consequences for the population have been brutal. In addition to unemployment levels surpassed only by Greece and Spain, cutbacks have been implemented in every direction: education and health, but also the salaries of civil servants who became the scapegoats of a crisis they obviously did not cause. All this without Irish governments showing any sign of raising its famously low corporation tax rate. The final tally of the Irish bank bailouts amounts to about €23,000 per citizen.

A somewhat different case, but with similar consequences, is that of the Eastern European countries who recently joined the EU, especially the Baltic countries. These countries were the first to try what would become the model of crisis management for the European Union. As happened in Ireland before 2008, the Baltic countries (and in general the east of Europe) had been growing at astonishing levels. There were essentially two factors involved in this growth. Firstly, industrial relocation from the central countries, especially from Germany played a decisive role. The combination of low wages and technical expertise has become a compelling competitive advantage for European industrial capital (a worker from Eastern Europe is paid on average 16% of the salary of a German worker). Secondly, the very strong development of housing bubbles, such as the one in Latvia, have been encouraged by the rapid inflow of capital from the central countries.

When the first signs of crisis appeared, these countries which, with the exception of Slovakia, are all outside the euro, were the first to feel the pain of Europe's structural adjustment policies. This is in keeping with the division of labour within the EU and, relatedly, the weaker economic and social positions of these countries. The case of Latvia and then of Lithuania are perhaps the most extreme. After registering GDP growth rates of around 10%, the bursting of their housing bubble caused a drastic reduction of state revenues and a dramatic increase in the deficit. Before even considering the needs of the population, a rescue plan was implemented aimed at safeguarding the repayment of debt to the Swedish banks that had fuelled the housing bubble in Riga, the Latvian capital. Interestingly, and perhaps as a warning to those who believe that leaving the euro might lead to an automatic easing of financial woes, Latvia was forced to refrain from devaluing its currency in order to secure the payment of those debts. Had Latvia devalued the national currency the Swedish banks would have had difficulties in collecting debts that were mainly denominated in euros. Instead, they launched an aggressive wage reduction and privatisation programme that has resulted in a 20% contraction of GDP in two years and a 30% reduction in the salary of civil servants, with obvious disciplinary effects on private sector wages. Hungary and Romania have reported similar financial strains, but in this case with the Austrian banks as key protagonists.

2.4 The first uprising in Europe

Around the end of 2009 and the beginning of 2010, the principal European countries radically shifted their political and economic orientation. The same prescriptions that they had tried to apply in Iceland, and that had been successfully imposed on the majority of Eastern European countries, were turned against the very societies that housed the centres of European power. They declared the end of fiscal stimulus, of Keynesian policies and of the moratorium on market pressures. The news about Greece's supposed fraud and the first wave of devaluation of government bonds of 'peripheral countries' made the new priorities clear. 'Excessive public spending is the major obstacle to economic recovery', they said. And, like any statement, it in turn acted as a prescription; most European countries introduced severe fiscal adjustments, cuts in health and education spending, increases in indirect taxes, charges for public services and reforms of the public pension systems, in an attempt to lighten their loans.

It mattered little that in many countries public sector spending was still characterised by large operating margins or, more importantly, that fiscal control over high incomes and financial profits demonstrated an upwards 'elasticity' that had gone totally unexplored by economic policies. The goal was for the so called 'investors in sovereign debt markets' to have the best guarantee of repayment. The interests of creditors came first, then everything else.

The attack on social spending provoked an effect that could not have been a surprise: the first great wave of protests in Europe. During the second half of 2010, more general strikes were called than in the entire previous decade. Three, four, five and up to ten day strikes were called in countries like France and Greece. At least one general strike was called in almost every country. For example, Portugal's general strike on November 24 was the first in 20 years. The large trade unions appeared to be the central protagonists. Former managers, or at least puppets, of the neoliberal model were now forced into the open. The reforms were so brutal, the discontent so great, the pressure from smaller unions so potentially uncontrollable, that resorting to mobilisation seemed inevitable.

In some countries and regions this first wave of strikes acquired a depth and bitterness that recalled earlier eras. In others, however, it stayed within the contained channels of institutional 'responsibility' and 'respect' for the official channels of representation. All of these strikes, although still framed primarily within national (responses to the reforms country by country) or traditional trade union terms (strikes of sections of workers with relatively better conditions), appeared to reflect a growing discontent that threatened to overwhelm everything that had previously been known. At this moment, however, this discontent could not find its own mode of expression. As such it is interesting to analyse the most noteworthy cases.

France, proud of its insurrectionist past, was perhaps the first to explode with protests outside of the regulated institutional channels. The arrival of European-wide fiscal constraints and pressures from French employers (MEDEF) led to the announcement of a bill that extended the retirement age from 60 to 62 years of age, while increasing the years of contribution necessary to reach 100% of the pension. It was May 2010, after a long sham negotiation with the major unions and Sarkozy's statement: 'I won't do it [...]. I committed myself to the French people. I have no authority to do so. And this is important to me'. The opportunity to disarm one of the last bastions of European trade unionism must have outweighed his former electoral promise.

The unrest and outrage soon reached breaking point. Work stoppages in some sectors, student protests, agitation and social media discussions accompanied the first call to strike. The majority of the trade unions, with the CGT leading the way, decided to maintain unity of action, despite the diversity of positions in terms of medium-range methods and goals. The French unions' heritage and social legitimacy was and still is much greater than that of the unions in most European countries.

As parliamentary procedures advanced for the bill's approval, the temperature of the conflict rose, fuelled by the arrogance and narcissism of *le petit Bonaparte*. As expected, Sarkozy attempted to exploit the protests to assert his image as a national hero. He presented the reform as a necessary sacrifice for France. The social response was expressed in the call for up to ten general strikes between May and November 2010. In October, by far the hottest month, France remained without public transportation, without schools and with hospitals at minimum services for days. The most famous episode, the refinery workers' strike and occupation, threatened to bring the country to a halt, forcing a situation close to militarisation. The bosses certainly lost billions of euros. But the strike was lost.

Despite the most intense period of mobilisation since 1968 and the deterioration of the president's image to clownish levels, the reform was passed.

The sense of defeat was especially intense. Such a dramatic effort with such poor results tends to be followed by a heavy and dense atmosphere of pessimism and resignation. It calls into question the usefulness of the strike as a method of struggle, erodes the unions' legitimacy and increases the dissatisfaction with the parties of the institutional left as they are shown to be incapable of taking advantage of powerful social upheavals. Yet the strikes were a laboratory for what would happen later in other countries: the use of the Internet and social networks as a communication vehicle, especially important for younger generations, and their function as a public sphere outside of the mainstream media. In the strikes and demonstrations, the union leadership gave away at times to other subjects and collectives.

In the short-term, however, the owners and the financial powers' sense of victory and optimism encouraged them to deepen their hold on the social body. Shortly after the reform was approved, the government announced a new package of austerity measures, which included the modification of the 'Active Solidarity Income'. The propaganda used to swallow this pill was that France has comparatively more rights than its neighbours. The irresistible logic of European standardisation! Meanwhile, the following fact was published almost without notice: the assets of France's richest had increased 25% in the previous year.

The European press, governments, and the highest levels of the EU, as well as those who demand that democracy be put on hold by financial interests, closely followed the events in France. In September and October general strikes were called in Spain, Portugal, Belgium and Greece. The results were mostly much more modest than in France. In Spain, for example, the strike on September 29 was nearly a fiasco, mainly due to the limited capacity to mobilise workers of the major trade unions, which had spent recent years managing Europe's most precarious labour market. In Portugal and Belgium the strikes at least paralyzed the country, managing to increase the political tension around the reforms, but without stopping them. It was however in Greece where events took on the greatest importance, not only because of the magnitude of the protests, but also the special meaning they took on in the context of the sovereign debt crisis.

Greece received the terrible medicine of austerity in May 2010, just as France's pension reform was announced. As mentioned, mobilisations in this country had been occurring nearly uninterrupted since 2008 and the Greek population's dissatisfaction with its political class and local oligarchy was perhaps higher than in any other European country. In fact, in terms of its national economy, Greece was already a predatory economy well before the IMF and EU's loan trap, only with its own national elites as the principal beneficiaries. Linked to the military junta but reinforced by neoliberal prescriptions, the fiscal amnesty enjoyed by the country's richest was practically complete. Suffice to say that in 2010, less than 15,000 Greeks declared an income over €100,000; while in the suburbs of Athens the mansions of the lords of the shipping and tourism businesses proliferated. It is also worth saying that since the debt crisis started, €60 billion euros of bank deposits had left the country, a staggering figure representing 25% of the country's GDP.

In other words, a consistent critique of the Greek state's incredible levels of corruption and inefficiency should start with its apparent unwillingness to tax the highest incomes and prevent fiscal fraud. At the other extreme, the portion of GDP made up of wages in Greece is between ten and fifteen points less than what it tends to be in other European countries, a mere 35%. When we consider the average wages of young Greeks, between €400 and €700 a month, we can easily understand why they would not identify with their country's politicians.

In these conditions, it is hardly surprising that the first bailout plan in May provoked the largest social mobilisation since the fall of the military junta. The student strikes, as well as the mobilisations of nurses and teachers (in many instances the same subjects that were the protagonists of the revolts in 2008) were now backed by the support of the KKE (Greek Communist Party) and the unions. On May 5, a march in which over 100,000 people participated culminated with an attempt to occupy Parliament. The situation was critical. The government was completely stuck. Chancellor Angela Merkel, the new guardian of financial interests, responded by accelerating the implementation of the bailout. But despite the plan being passed, the majority of society did not respond with resignation. Throughout the year there were general strikes, demonstrations, confrontations with the police and work stoppages in all the sectors affected by privatisations and cut-backs.

In the other corner of the continent, in the seemingly pacified centre of the neoliberal experiment, interesting events were also occurring. The spectacular British student protests at the end of 2010 had many singular and novel elements. As is known, union activity in Britain is more or less tokenistic. Margaret Thatcher's steamroller, the transformation of the left into New Labour and the hegemony of some of the planet's largest financial corporations ended up destroying nearly all institutional sources of opposition. Nevertheless, the massive and multitudinous demonstrations and occupations in November seemed to turn the situation around, even if only for a few days.

The detonator was one of the Cameron government's many cut backs. On November 9, 2010, the conservative-liberal government presented an education reform to Parliament that envisaged a spectacular increase in university fees. The fees would go from an average of around £3,000 to £9,000, an increase of 300%. The plan was the almost literal translation of an ambitious business report that had such a significant-sounding title as the 'Independent Review of Higher Education Funding and Student Finance'. The text advocated an 80% reduction in public funding for higher education. Universities would be definitively turned into businesses, thrust into a competitive global knowledge market and surrendered to the 'wisdom' of cost-benefit analysis in all areas.

The reform was a near-fatal blow to the public university and to any future for quality teaching and academic rigour. In any case, the university was only one of the most significant chapters in a much broader programme that included the contraction of public sector employment, reform of the public pension system, cuts in health care and other social benefits and the privatisation of important public resources, such as the emblematic national forests.

The class component of the reform was also evident; in the absence of public supports families with few resources would stop sending their children to university. Meanwhile, a large percentage of students would have to resort to taking out student loans – another profitable niche for the financial institutions.

A student march was called for the day of the reform's approval, November 9. More than 50,000 people heeded the call. A few images made their way around the world: Prince Charles and his wife, Camilla Parker Bowles, besieged by an outraged multitude that surrounded the armoured car that carried them – certainly the most ill-fated and unexpected encounter of their lives. More importantly, images appeared of thousands of young people storming the Tory Party headquarters, taking over its roof as though storming the fortress of an aristocratic rentier. Although the student organisations obviously didn't consider these actions to be the most opportune for the movement, their symbolic power captured the entire world's attention. The protesters' rage was surely increased by the incorporation of thousands of young people who would probably never be able to go to university, yet who found in the student protests an empowering mode of expression.

At the end of November there were new mass protests that ended with the occupation of ten British universities in London, Edinburgh, Leeds, Newcastle and Manchester. Suddenly, actors who had been given up for dead became the protagonists of change and recovered their capacity for action.

2.5. The Arab spring

Mohamed Bouazizi was the name of a 26 year old unemployed Tunisian graduate. In December 2010 he set himself on fire as a protest. The police had humiliated him after confiscating the fruits and vegetables that he sold without a permit. It was the only way in which he could make a living. His self-immolation was a powerful spark. In the following months, the outbreak in Tunisia spread like a contagion to nearly a dozen countries, starting a chain reaction leading to months of social mobilisations against the corruption and authoritarianism of the political and economic oligarchs.

The Tunisian revolution began in the Qasserine and Sidi Bouzid provinces, tourist regions in the east of the country, and only later spread to the capital. Here we can speak of a 'revolution', and not only an insurrection, as the protests led to the fall of a political regime: the 23 year-long regime of Zine El Abidine Ben Ali. Following the act with which Bouazizi ended his life, young people and students took to the streets. For several days, they demonstrated against police brutality, government corruption and economic difficulties. The cruel and indiscriminate repression then produced its first deaths, and the outrage and demonstrations spread across the country.

From this moment on, the method of protest would be different. Between the months of January and February, the Qasba, which housed some important ministries in its interior, such as the Courthouse and City Hall, was occupied as a symbol of protest, violently evicted by the police and occupied again. As in the first moments, it was mainly youth (some students others unemployed), service-sector workers, different types of precarious people, but also people of all ages and conditions who participated in the marches and occupations. The Tunisians' perseverance and tenacity against tear gas, batons and even sniper bullets, soon put the government in an impossible position: increase the repression or the resistance would get out of hand. And the latter is what happened. Despite the detentions, the disappearances and the deaths caused by state repression, and despite the lukewarm attempts at reform, the situation spiralled out of the state's control. On January 14, Ben Ali was forced to flee the country. Just over a month later, the prime minister of the transition government, Mohamed Ghannouchi, was also forced to step down. The new government promised constituent elections.

The revolution succeeded in overthrowing the dictator Ben Ali and the transition government that followed it. Of course, the Tunisians had to remain alert, with the distrust of those who are accustomed to broken promises, but with the strength and conviction of those who know they are able to make a tyrant flee.

The first echo of the Tunisian example occurred in Cairo. The overthrow of Ben Ali inspired a similar strategy against the long (30 years!) government of the corrupt and autocratic Hosni Mubarak and his hated Emergency Law, which had permitted the suspension of constitutional rights, press censorship and arbitrary policing since 1981. The revolt began on January 25, the 'Day of Rage', with various demonstrations in which tens of thousands of people participated in Cairo and Alexandria. In the following days, the protests continued, grew and intensified. On the 29th, the government, after declaring that the movement was the product of foreign agents, introduced a curfew. The protesters didn't pay any attention to it. Tahrir Square, the capital's symbolic centre, became the principle space of protest when groups of a few hundred people began to stay there day and night. On February 1, at least one million people marched for Mubarak's departure. Victory seemed possible.

It was mostly young people (students, unemployed, workers from different sectors) who participated in the mobilisations, but from the first week others joined as well: collectives of workers who had led important strikes in the preceding months, a large part of the Coptic Christian community and even the Muslim Brotherhood, the main Islamist organisation in the country. The movement did not organise itself according to any conventional scheme. The calls were discussed and circulated on the internet in a polyphonic and decentralised manner (various forums and social networking groups were the voice of the public agora) and later acquired a sort of formality in the meetings in the square. In any case, the constitution of such a broad opposition and the event's strong international resonance pushed the president into an ever more complicated corner. On February 2, Mubarak ordered his followers to combat protesters in the streets, but the army's neutrality foiled his strategy

In the following days, the occupation of the square and the large demonstrations continued, grew and became more confident. What had seemed impossible only a few months before was on the verge of becoming reality. On February 11, Mubarak left the country. The transitional government put a military junta in charge of preparing the first democratic reforms.

After Tunisia and Egypt, the revolts proliferated at an amazing rate: Algeria, Libya, Morocco, Yemen, Jordan, Syria, Saudi Arabia, Oman and Bahrain. Each was encouraged by the others, enthused by the success of its predecessors. At the date of publication, no other country, except Libya, has managed to overthrow the government. In Algeria the state of emergency (in effect since 1992) was repealed and consultations on constitutional reform have begun, but Bouteflika has managed to maintain relative political stability. Similarly, in Morocco, a referendum was recently convened to curtail the powers of King Mohamed VI, but does not radically question his authority. The same has happened in Jordan where the government announced an increase in public sector wages, the creation of new jobs and named a new cabinet.

In other countries the response has been repressive, brutally repressive, in some cases leading to civil war. The most traumatic case was that of Libya. Ghadaffi's stubbornness and his violent response to the insurgents unleashed a particularly bloody conflict. Finally, France and Britain's support (in exchange for preferential treatment with regard to oil) allowed the rebels to bring down the dictator's regime. In Syria, the first reforms, such as the abolition of the Emergency Law (in effect since 1963) and the naming of a new executive, did not bring an end to the protests, which gave way to the indiscriminate shooting of protesters by government order. In Bahrain, the state of emergency was reinforced with the help of Saudi troops and in Yemen the state of emergency could not prevent violent clashes between the regime's troops and the tribal militias.

But, at the end of the day, what do the revolutions in the Arab-Muslim countries have in common with what was happening before and after on the other side of the Mediterranean? At first the differences seem enormous, because of the results (the deposition of two autocrats and a civil war in at least one other country) and because of the social, political and cultural context. These are majority Muslim countries with per capita income levels much lower than in Europe and with generally authoritarian regimes. But equally important differences can be found among the different countries affected by the revolutionary wave. The distance between rural Yemen and touristy Tunisia is probably greater than the difference between Tunisia and France.

However, the Arab revolutions, especially those in North Africa, are similar to the European ones in many ways. They are similar in regard to their causes, revealing the economic and political links between the two sides of the Mediterranean. And even more surprisingly, they are similar in the composition of the movements, the methods, the objectives and the demands. The Arab spring constitutes, in fact, a surprising display of how struggles and movements can reconstruct the political and social connections that borders and institutional racism make difficult to see.

On the economic front, the North African insurrections unfolded as a kind of mirror image of those in Europe. The financial crisis should again be placed at the centre of the explanation. Long-time colonies and dominions of European powers, the Maghreb countries have served as a reserve of cheap labour for the core countries since the 1960s. In the 90s and 2000s, North Africans occupied low-wage jobs in the agricultural and service sectors in the southern European countries. Moroccans, Algerians and Tunisians have met the needs of the precarious labour markets of countries like Spain, France and Italy.

The crisis and economic recession have turned the situation around. Not only has the demand for new workers dried up but many of the existing jobs have disappeared, leading to a notable reduction in remittances. At the same time, the closing of the borders for North African workers and Europe's restrictive migration policies have drastically reduced the opportunities for achieving a source of income north of the Mediterranean. Discontented, frustrated and anxious about the future, they find themselves once again trapped, with no solution, in their countries of origin.[18]

The crisis has also affected the tourism industry, which was especially important for countries like Tunisia and Egypt. The reduction in the number of visitors has had repercussions in employment in this sector and the declining influx of foreign currencies has negatively affected purchasing power. Similarly, the relative fall in oil prices in 2009 and 2010 reduced the income of the oil-dependent regions. Finally, rising food prices have significantly deteriorated the purchasing power of lower-income groups. The explanation for these increases is complex but two factors that have their roots in neoliberal hegemony can be identified: speculation in the futures market during the second half of 2010 reinforced the upward trend in grain and raw materials prices, and the withdrawal of food subsidies in some countries, like Libya, at the instruction of the IMF.[19]

From a long-term perspective, liberalisation in the region has produced many of the social and economic imbalances that lie behind the revolts. For several decades, the loans that many of these countries received from the IMF and the consequent control of economic policies have been a tipping point for the populations. To note just a few examples, the reconciliation of Libya with the West was related to its admission into the IMF, the creation of special free trade zones, the transfer of some oil deposits to large Western multinationals and the removal of the food subsidy. Mubarak's Egypt, also advised by the IMF and the World Bank, adopted a comprehensive programme for the privatisation of public enterprises and the liberalisation of the economy, including the elimination of some public subsidies, the reduction of the number of public sector workers, unpopular taxes on housing and facilitating foreign investment. In Morocco, one of the main targets of the protests have been the multinational (mostly Spanish and French) corporations in charge of various basic services, such as water, electricity, transportation and

18 Throughout 2011 the armed conflict in Libya has caused a massive influx of refugees to the Italian island of Lampedusa as well as problems for Tunisians and Libyans crossing the border between France and Italy. Also, very important population movements have been registered during this period in Egypt, Tunisia, Libya and Algeria and between Syria and Turkey.

19 Little wonder that, among other measures to stop the protests, countries such as Algeria (which already had its precedent in the 'bread riot' of 1988), Morocco ('bread riots' in 1981) and Jordan have been quick to implement programmes to subsidise food prices.

waste disposal. These examples can be extended to Tunisia, Algeria, Jordan, etc. As was the case previously in Latin America and as is currently the case in southern Europe, structural adjustment programmes and liberalisation have further accentuated social polarisation, impoverishing vast strata of the population and threatening the meagre middle class.

Of course, the interests of the large Western corporations and the region's enormous energy resources have been the EU and the European governments' only priority, even at the expense of sacred 'democratic' and human rights. It is no coincidence that most of the governments and tyrants of the Middle East and North Africa have been generously supported and financed by the West. To highlight Europe's self-interested approach to the 'Arab crisis' let us recall that in the central months of the revolts the only two issues that were discussed at the Union's highest levels were the region's stability (in other words the disruption of business) and control of the borders in the face of an expected wave of refugees and economic migrants. EU interests were shamelessly displayed when the then Foreign Minister of Tunisia, Mohamed Ouanies (of the now obsolete transitional government), visited Brussels in February 2011. In his interview with the EU's foreign policy spokesperson, Catherine Ashton, both agreed to 'ensure that the fundamental interests of Europe in Tunisia [liberalisation of the economy and control of illegal immigration] are maintained despite the change of government'.[20]

In other words, the targets of the Arab revolt, while situated in their specific context, have much in common with those of the European movements: the imposition of predatory economic policies that only favour local and international economic elites, on the one hand, and corrupt governments increasingly distant from the needs of their populations and at the service of those same elites, on the other. Although the despotic and authoritarian nature of these governments excludes the democratic procedures common in Europe, we can say that the same political disaffection is at work in the revolts on both sides of the Mediterranean.

To the south of the Mediterranean, the political stagnation of the rulers,[21] like the European party systems, had been leading to chronic political degeneration for some time. In all cases, the rulers established powerful networks of patronage that infected almost all spheres of social and economic life. For example, the appointment of automobile and tourism industry magnates to the transportation and tourism ministries in Egypt or the connections between big business and the regimes of dictators such as Ben Ali (and his wife Leyla Trabelsi), Mohamed VI and Gaddafi.

The primary subject of the revolts has been, as in Europe, the young generations who are alienated from their respective political and economic systems. Subjected to brutal conditions of labour exclusion, with levels of unemployment ranging from 10% in Egypt to 35% in Tunisia (and the figure is two or three times

20 Gaddafi, in order to normalise relations with the EU, became the guardian of Europe's southern border through the creation of enormous camps where thousands of internal African migrants were imprisoned

21 Except for Bouteflika in Algiers (13 years) and Ben Ali in Tunisia (23 years), the rest of the 'heads of state' had governed their respective countries for a minimum of 30 years (Syria, Egypt, Libya, Morocco, Jordan, Yemen, Oman, Bahrain).

higher for people under 30) their opportunities have been reduced to the informal economy and emigration. Yet the population is well-educated. Many of the countries in question have wide access to higher education. Racial prejudices and rampant Islamophobia in Europe too often blind us to the fact that the proportion of young people attending university in Tunisia is similar to that of France, while Egypt's levels of university participation are nearly equal to those of Italy.

Perhaps most significantly, the uprisings in the Greek squares and the 15M movement in Spain have undeniable similarities with the North African revolutions. Especially in Tunisia and Egypt, the almost complete absence of political parties and prominent leaders has been accompanied by practices of direct democracy and horizontal communication (which is not to deny that the support of some formal organisations remains important). Similarly, the political baptism of this generation, which avoids being boxed in by the traditional forms of representation, has been characterised by the use of the Internet, mobile phones and social networks to launch and quickly spread initiatives and to socialise slogans and debates outside the scope of a media invariably subjected to censorship and political control. In more than a metaphorical sense, the European revolution, if it occurs, will have begun in North Africa.

2.6 The movement of the European **squares**

The 'Arab spring' preceded Southern Europe's hot months. In the middle of the sovereign debt crisis and the financial attack on the so-called peripheral countries, first in Portugal, but above all in Spain and Greece, there was a wave of mobilisations that acquired a magnitude and a scale much closer to what had occurred in the North African countries than anything that had been seen in Europe in recent years. It was above all a qualitative leap.

The first sign that something new was happening came from Portugal. As noted, Portugal's starting point was a bit different than the rest of the so-called peripheral countries. Unlike in Spain or Ireland, there was nothing like a Portuguese housing bubble. The 2000s was characterised by economic stagnation, continued dismantling of industry (especially in its primary export industry: textiles) and observance of fiscal adjustment policies prescribed by the EU. In other words, the neoliberal prescription did not result in any economic miracle, not even a temporary or precarious one. Despite that, the crisis hit the banking system hard leading to multimillion-euro bailouts, although much more moderate than those of Ireland or Britain.

Portugal's economic weakness and the growth of the public debt to 90% of GDP were, however, sufficient reason to make it a target for speculative attacks. Portugal, which had been an exceptional student of the art of fiscal restraint for much of 2010, made every effort to meet the 'recommendations designed to calm the markets:' freezing the salaries of civil servants, reducing pensions and unemployment benefits, cutting education and health, decreasing the size of government and fully privatising key public enterprises. But to no avail. Following the script agreed upon by the financial predators, the spiral of reductions in credit ratings and increases in Portuguese bond yields led to the negotiation of a bailout worth €78 billion. The downside: another package of measures that even the EU recognised would prolong the recession until at least 2013 and cause a rise in unemployment to 13%. Following the announcement of the bailout Moody's downgraded the Portuguese debt rating to 'junk bond' status.

The feeling of abuse and blackmail, the success of the general strike in November, the antics of the political class, and, above all, the precedent of the Arab spring were the trigger for a completely new mobilisation. Through social networks and Internet forums, groups of young people called for a large demonstration on March 13. The Protesto de la Generaçao da Rasca (Manifesto of a Generation in Trouble), which served as a declaration of intent, stated, 'We the unemployed, '*quinientoseuristas*' (500-euro-a-month-ers) and other low-paid workers, disguised slaves, subcontracted workers, temp workers, 'freelancers', intermittent workers, interns, student-workers, workers, mothers, fathers and children of Portugal... we believe we have the tools and the resources necessary to obtain a better future'. The interpellation of this precarious alliance, constructed from below, led to unexpected success: 300,000 people took to the streets. A few weeks later, the general elections resulted in one of the highest rates of abstention in the country's history: 41%.

The originality of the Portuguese movement served as the immediate precedent for its Iberian sibling. Until that point, Spain had been one of the most pacified countries in the EU. This was despite having reached the highest level of unemployment in Europe with a hefty rate of 20%, and up to 40% for those under 25. It was despite the fact that the population's indebtedness was the highest in the continent and the housing markets' collapse between 2009 and 2011 had left nearly half a million families without homes. It was also despite the fact that the socialist government of Rodríguez Zapatero had been one of the most obedient in terms of implementing the policies demanded by the 'markets': labour reform, pay cuts for public employees, restructuring the pension system and raising the retirement age, deep cuts to the regional governments' systems of education and health, etc. Despite all of that, the situation seemed pacified, completely engulfed by the blackmail of the markets and the theatre that is the electoral race between the two main parties. Low participation in strikes, first in that of public employees in June 2010 and then in the general strike in September of that year, appeared to confirm the forecast of an atmosphere of apathy, conformism and resignation.

Yet, something had been stirring beneath the surface for some time. Starting in 2009, different organisations and platforms had proliferated, fundamentally through groups and forums on the Internet.[22] In the beginning of April 2011, an unexpected student demonstration seemed to indicate a change of pace. The call

22 The list is interminable; the most important was perhaps Real Democracy Now! (democraciareal.org) charged with organizing and calling the protests on May 15, but we should also mention Youth without a Future, Don't Vote for Them (that was formed to resist a law that would give copyright associations the discretion to shut down websites of content distribution), the State of Discontent, the Mortgage-Holders Platform, along with a multitude of groups that for some time had been trying to launch concerted initiatives against the austerity measures.

for a multitudinous demonstration in almost all of the important cities of the country on May 15th seemed to confirm it. Neither the unions nor the political parties were involved. Rather, a multitude of people and small organisations were convened over the Internet by a recently created platform: Real Democracy Now! The slogan: 'We are not commodities in the hands of politicians and bankers'. The absence of acronyms and the direct engagement with everyone seemed to trigger the leap. On May 15, around 100,000 people took to the streets in over 50 cities. Home-made signs and slogans demonstrated a critique of bipartisanism ('PSOE and PP are the same piece of shit'), rejection of the management of the crisis and the related cut backs ('we won't pay for this crisis', 'it's not a crisis, it's a con') and a denunciation of financial blackmail ('why does the market rule if I didn't vote for it?').

In Madrid, some 25,000 people arrived to the central square of Puerta del Sol. Barely a handful decided to camp that night until the following Sunday, May 22, the date of the municipal and regional elections. It was the beginning of what would be called the 15M Movement. The following day, after an assembly of 1,000 people, 200 stayed to sleep. At 5:30 in the morning, the police evicted them. The evening of May 17, 10,000 people gathered again and in the assembly decided: 'We don't have homes, we will stay in the plaza'. The example spread and by the 18th, there were already assemblies and encampments in more than 50 cities.

During the following days, the prohibition of protests, threats of eviction and somewhat contemptuous treatment in the mass media only managed to increase the number of people gathered in Puerta del Sol and the rest of the plazas. In some cities it was simply impossible for everyone to fit in. The upcoming elections on the 22nd, and the moratorium on demonstrations for one day prior to the elections, did not stop the crescendo. Hundreds of thousands of people took to the streets shouting 'they call it democracy but it's not' on Saturday 21. In Madrid alone, the most conservative estimates spoke of 30,000, but there were probably two or three times that. By then, the movement had become international with rallies in London, Brussels, Lisbon, Amsterdam, Athens, Milan, Budapest, Tangiers, Paris, Berlin and Rome.

The strength and joy demonstrated the week of May 15, the huge challenge to the institutions represented by the mass rallies in the days before the election, the symbolic power of occupying the main plazas, opened up the space for a new type of movement and organisation. The occupation of the plazas was maintained for weeks, the assemblies in each city grew, organizing themselves and dividing into working groups and committees. In the metropolitan area of Madrid alone, 120 neighbourhood assemblies were in operation in the early summer of 2011, and more than 50,000 people came regularly to these new political agora.

At the same time, the movement gained mobility and multiplied its objectives: it set off a spiral of actions ranging from mass public resistance to home evictions to the occupation of schools and health services that were targeted for cuts. The political class was caught off guard, completely perplexed at the entrance of an actor as unexpected as it was unwelcome. Their attitudes ranged from an opportunistic nod from some sections of the left, to the most petty accusations of right-wing neocons who attempted to associate the *indignados* with ETA. Confusion reigned as a result of the complete inability of the institutions of power to allow for any kind of integration of the movement or even the translation of the movement's demands into policies. After all, one of the movements most recurrent slogans was 'they don't represent us'.

What was happening was not just an explosion, but the beginning of a cycle of mobilisation and protest. The summer's big events confirmed this. Demonstrations on June 19 against the so-called Euro Pact brough together well over half a million people with huge concentrations in Madrid and Barcelona. The 'marches of the *indignados'* that came together in Madrid on July 23 and 14 also brought out tens of thousands. Around the same time the main social research institute (the Centre for Sociological Research) published the data from its latest survey: between 6.5 and 8 million people claimed to have participated in 15M, between 0.8 and 1.5 said they had done so in a very intense way and over 70% of the population said they had a positive image of the movement. The stage was set for a hot autumn.

Only ten days after Spain's May 15, the 'movement of the squares' was born in Greece. Pressure from the financial looters had further worsened conditions in an atmosphere that was already unbearable. But now a fresh wind was blowing with the adaptation of the Egyptian method, imported by the Spanish plazas. The sequence of events had accelerated since the spring. In March, the rating agency Moody's lowered the rating on Greek debt to the status of junk bonds with the 'argument' that there were serious doubts about the Greek government's ability to pay in 2013, when the EU/IMF bailout plan was supposed to end. Few could still be fooled: the rating agencies, the battering rams of the financial interests, were punishing Greece for the economic effects produced by the brutal adjustment programmes they themselves had prescribed. In the weeks that followed, the Greek bond yields rose to 12%. At the same time the ECB announced an interest rate hike that, albeit in a limited way, threatened to erode the European banks' business model with regard to public debt.

The game played by the European guardians was implacable: the ECB, Frau Merkel, the Finnish government and different think tanks demanded a hardening of 'bailout' conditions for peripheral countries. The consequences for Greece included a privatisation programme worth over €50 billion. All manner of activities were involved: betting, the national lottery, horse racing, highways, radio frequencies, natural gas warehouses, real estate and a long etc. They even considered using the Acropolis as a guarantee to serve as a security against defaults! These privatisations were implemented under the tutelage of the German Deutsche Bank and France's Paribas.

The adjustment plan brought about a new wave of protests. But unlike the cycle of mobilisations in 2010, the example of the Arab revolt and especially the15M movement provoked a change of direction in the practices of protest. Starting May 25, peaceful mass rallies in Syntagma Square (in front of the Parliament) gathered more people than previous demonstrations and added new legitimacy to the protests. From the beginning of June, up to 200,000 people gathered daily to block the privatisation plan's approval in the Hellenic Parliament. As in the

Spanish 15M, networks and virtual forums directed the protest outside the purview of traditional organisations, allowing them to reach sections of society that had been unrepresentable up to that point. As in the 15M movement, the rallies were accompanied by mass assemblies. The exercise of direct democracy became a hallmark of the movement. The political parties, heirs to the Metapoliftesis, had proven themselves mere pawns in the hands of the financial powers who had little problem in staging a coup against democracy and Greek society in general. It seemed that any revival of politics would only be possible through direct democracy and the population's involvement in decisions affecting their future.

On the other hand, the movement's political agenda seemed clearer, more refined. The slogan 'We don't owe, we won't sell, we won't pay' said it all. The direct enemy was the European institutions representing the interests of finance capital. The aim was to force a default on the debt. The government and political parties immediately denounced a coup. The government began to totter. It began to talk of debt restructuring and a referendum to approve the cuts. The quake was felt in Europe. Some European leaders attending the summit in Luxembourg threatened economic disaster if Greece renegotiated its debt. There could be no mention of default. Nicolas Sarkozy met with French banks to try to bring some rationality and sustainability to the financial plunder: the banks began to offer medium-term plans for debt restructuring.

At first everything appeared useless. Interest on Greek debt was around 20%. The social situation oscillated between a state of emergency and low intensity warfare. Finally, a two-day general strike was triggered and achieved an 80% participation rate. Enclosed by a tide of citizens, but under severe pressure from the EU, the Greek Parliament approved the fifth instalment of the bailout: €12 billion in fresh loans accompanied by the most draconian compensatory measures that had been seen since the beginning of the crisis. Yet soon after, a new programme for Greek debt restructuring began. The IMF, the EU and some banks agreed to refinance Greece with an interest rate of only 3.5%. This was not a politically forced default, even less so if one considers that the adjustment programme remained intact. But it is certainly a first show of force of what the movement can do when it takes aim at the heart of the financial business.

At the time of publication, both the Greek *indignados* and the Spanish 15M can be considered the most advanced expressions of the European movement against the crisis. Unlike the sequence of general strikes of 2010 (in France, Greece and elsewhere), the movement of the Greek plazas or the *indignados* in Spain has not been staged by sections of workers directly affected by restructuring programmes, nor by the big unions who tried in vain to stop the reform of the public pension systems. The protagonists have been the younger generations, the most precarious and most affected by the crisis, subjected to the university system's increasing degradation and deeply alienated from the political systems of their countries. But also unlike the movement against the CPE in France in 2006 or of young Greeks in 2008, these movements have not been defined in accordance with a particular condition (such as being a student, age or ideological identification). Rather, their special social resonance has been made possible by an inclusive call, which summons everyone, with no exceptions beyond the financial agents and politicians responsible for the crisis.

In a way, this generic call to participation, which addresses itself to all of us, surpasses the strikes and protests called by the old trade union organisations in 2010, and which, with few exceptions, lacked sufficient legitimacy to produce a powerful social contagion. In this sense, the movements have shunned traditional ideological positions, in a sort of general appeal to 'ordinary people'. In fact, the spirit of the movement is characterised by a kind of partnership of equals: neither groups nor organisations dominate. Instead we find indifference or even rejection of all forms of leadership by self-appointed spokespeople. Similar shifts are reflected in the forms of action and protest, especially in the renunciation of the aesthetic of confrontation with the police, hooded protesters and spectacular minority actions.

The actions and demonstrations are public, avowedly non-violent and at all times attempt to disarm the repressive response. Of course, this does not mean abandoning civil disobedience, as indicated by the tension between the legal and the legitimate manifested in the blockade of national and regional parliaments, the permanent occupation of the symbolic centres of large cities, resistance to evictions and the interruption of police raids against migrants. But these actions were always carried out publicly and with a completely peaceful mission statement, two factors which, among others, functioned as both an invitation to participate and a mechanism of generating support for the movement.

Within these movements a form of action and political mobilisation is maturing that points towards the breakdown of the party systems and all the forms of representative politics that sustain Europe's formal democracies, from unions to the media. The 15M's call to arms itself contains an important slogan: 'We are not commodities in the hands of politicians and bankers'. The slogan takes aim at three fronts: the lack of democracy, the rule of the market and the excesses of politicians and bankers. The most widely-chanted slogans 'They do not represent us' and 'They call it democracy but it's not' point in a similar direction: the parties and the institutional system do not represent the interests of the population but only their own and those of corporate and financial power. The form of democracy demanded must necessarily include social rights, the redistribution of wealth and respect for what is common, starting with public services.

Perhaps what is most significant is that the critique of corruption and of the degradation of formal democracy is turned into the practice of democracy in action, in an exercise of decision-making and participation through assembly forms. The occupied plazas become public agora, where discussion goes beyond making strategic decisions. At times this even took the form of a constituent process, where literally everything is discussed and in which everyone has a chance to think, propose, discuss and challenge the most daring proposals. The problem of representation is diluted into collective decision-making in a multitude of assemblies that proliferate in every city, every neighbourhood.

In this context, democracy is lived and experienced as a daily exercise of discussion and decision, but is not limited to physical encounters. It also, and perhaps most importantly, develops on the Internet. Forums, social networks, blogs etc., these build the movement's own public space, which not only serves as an alternative to the mainstream press, but reveals and dismantles the manipulation of information that is the mass media's communication style. The Internet allows the movement to build a collective and decentralised intelligence, a horizontal space for discussion and decision-making that confuses and overcomes traditional organisations.

Perhaps it is still too soon to gauge the impact of these movements. But signs of their expansion throughout Europe were visible all summer. For example, attempts to develop a similar process in France were only stopped via state repression, while several dozen small encampments have appeared in different European cities and especially a particular 'movement of the plazas' in many urban centres of the former ex-Yugoslavia. The most important chapter so far were the Israeli *indignados* and their protests against the high cost of housing and cuts in social spending. On August 7, about 200,000 people gathered in Tel Aviv. A few days later the army began the most virulent attack against Palestinian militants since the occupation of Gaza. Whether or not this was connected to what is probably the largest social movement in the country's recent history, whether or not its aim was to remind the youth of what 'really matters for the state' is yet to be determined. In any case, on September 3, another protest drew more than 350,000 people.

The complexity of what is happening in Europe, and the difficulty of converting the unrest into political forms of movement, was made evident in this summers final instalment: the London riots. On August 6, near one of the main centres of global finance (the City of London), there was suddenly a series of violent clashes with police. Buildings burnt and shops were looted. The riots continued for five or six nights. Hackney, Tottenham, Brixton, the most ethnically and socially complex neighbourhoods of the British capital, were the epicentre of the riots. The trigger, as some years before in Paris, was the death of a young man shot by the police. Institutional racism and police violence would again act as a catalyst for protests that had a temporal depth spanning several decades of social neglect and economic abandonment, all the more aggravated by the huge youth unemployment in recent years and the welfare cuts imposed by the Cameron government.

The Prime Minister was quick to describe the revolt as 'pure and simple acts of crime', the result of a handful of irresponsible morally depraved people. The old bourgeois statements about the riots of the poor in the nineteenth century once again dominated the perspectives of politicians and the media. Little was said about the living conditions of young people, unemployment, the racism and classism of the police or economic policies. All this in one of the most magnificent cities in the world, in which the immiseration of the proletarian youth (in large part from migrant origins and invariably doomed to underemployment, precarity and incarceration) coexists with the millionaire salaries of the City's financial executives, the luxury yachts of the regenerated docks and the multi-million pound homes of half the world's rich. Even less was said about the fact that in England the richest 10% of the population has a net worth 273 times higher than the poorest 10%, or the bewildering array of glitz and wealth of the heir to the crown's wedding, cited by some who participated in the riots. The riots ended within a few days, with more than 1,800 detainees and half a dozen dead.

III. Some notes towards Europe's revolution

The unemployed, temp workers, students, service workers, the worst paid, *mileuristas*, the working poor, precarious workers, trade unionist activists, pensioners, users of social and health care services under privatisation, public sector workers, those outraged at the corruption and degeneration of democracy, those outraged at the audacity of governments subservient to financial interests. From a myriad of social, economic and subjective positions, we have managed to build the first European movement against the crisis: the 15M in Spain, the movement of the plazas in Greece, and perhaps the *indignados* of all European countries in the coming year.

This movement's achievements can be considered the largest democratic insurrection of the last half century. 'They don't represent us', we say in Puerta del Sol, in Plaça Catalunya and in many other cities. And with it, we declare an end to the monopoly of representation by a party system ever more absorbed in the problems of its own reproduction and ever less attentive to the needs and concerns of the citizens they claim to represent.

We demand democracy at street level, in public discussion, where we can talk freely and where everything can be questioned. In doing so, we expose the congenital fear of democracy that grips the political and economic elites.

Nothing is more inconvenient, more unwelcome, than a multitude that decides to question everything. Nothing is less acceptable, more dangerous, than democracy when it is exercised without blackmail or institutional artifices.

The emergence of the movement, our emergence, has exposed the crisis as a lie. It can never again be presented as an inevitable event, closer to natural disasters, in terms of its causes and consequences, than to the simple accidents in the order of human affairs.

The movement singles out those responsible, it questions economic policies, it refutes the experts, it learns quickly; in other words, it grasps the arbitrary nature of the crisis. Today we know that social immiseration, the ferocious adjustment programmes, the increasing inequalities that fracture the continent, are unnecessary outcomes or, rather, are necessary only to wash away the losses of the large corporations and to guarantee financial profits. For all these reasons, as in Greece, we say 'We don't owe, we won't sell, we won't pay'. We don't accept the blackmail of imposed debt, of debt incurred fraudulently to line the pockets of the banks. We don't accept living in a Europe shackled to the interests of the most powerful.

We know the challenges we face are enormous. European elites have gambled everything on financial profit, thus guaranteeing a political economy opposed to recovery and growth. What some still call the 'real economy' (the production of goods and services, employment, etc.) has been sacrificed at the altar of the creditors. Translated into political terms, this means that in the choice between saving the banks or saving the economy, the elites have opted exclusively for the former. The problem is that it is increasingly impossible to reconcile financial expansion and economic growth, as indicated by a situation of wage depression, attacks on public spending and weak exports. Without recourse to a new round of financial bubbles and massive debt there is no alternative for growth in Europe.

Under these conditions, the enormous mass of liquidity, the overabundance of capital which now populates the financial markets, can only continue the path of accumulation by preying on the majority of society and on social spending. As happened previously in the Global South, the paradox of putting payment to creditors before everything else ultimately results in major economic depression. The domination of financial interests means a more unequal distribution of income and, therefore, a decrease in consumption, which becomes in turn a major cause of the crisis. That this simple dilemma is so hard for the European elites to understand denotes not only their lack of intelligence, but above all their extraordinarily destructive, if not suicidal, spirit.

In this capitalism turned against itself, the preachers of orthodoxy at any cost (be they politicians, journalists or experts) respond to the movement and the protests with a familiar blackmail: swallow the pill of austerity or the results will be worse. Four years of crisis, nearly three years of reform, are more than enough. All they have left us with is another wave of recession that is now beginning to spread across Europe: more unemployment, more precarity, more cuts in social spending. The novelty this time, if we can call it that, is that in this slow motion free-fall there will be even less resources for bailing out banks and corporations, and so the remaining resources will have to be extracted in an ever more brutal fashion from the majority of the population.

Faced with this blackmail, we have to be able to identify the crisis that matters to us. Is it the crisis of the financial system, manifest in weak balance sheets skewed by the reckless lending risky operations (almost always with extraordinary profits) of the past decade? Is it the crisis of employment, which has become the sole form of access to income in an age in which mass employment can only be provided on the basis of low wages and precarious jobs, which are often useless and superfluous? Is it the crisis of a Europe adrift, throwing certain members overboard according to the interest of the richest countries? Or the states' fiscal crisis, linked to debts owed to the very banks which have recently been bailed out?

The crisis is simply a lie; a sick joke were it not for the social consequences. Europe at the beginning of this century, a decaying Europe now far removed from a past in which it was the centre of the largest and most terrible empires, is, however, richer than it has ever been. Its wealth overflows in the financial markets, expressed in the form of financial securities, bonds, derivatives and mortgage-backed securities. The problem, then, is not the crisis, the alleged scarcity of public funds, employment or resources, but rather the distribution of a bounty that years of abusive financial practices, government corruption, rampant deregulation and market ideology has left in the wrong hands. Even from a conservative perspective, the great contradiction of European capitalism is that it must undertake a certain redistribution of wealth, with a consequent devaluation of debt bonds and hence losses for the large creditors, or remain trapped in the crisis.

This is what constitutes the hard nucleus of the European problem that no politician of any importance, no big banker, no institutional force of continental scale, has known how to or wanted to address. It is as if Europe has become a fading phantom with no trace of its democratic promise.

The movement is absolutely right to target the political class and the so-called European leaders, to accuse them either of being mere paid representatives of the financial powers or of simply lacking the imagination and intelligence to even understand the situation (or both). The consequences of the stupidity and corruption of the political class are the current uncertainty, the confusion, the feeling of permanent assault, in which each new event seems more serious than the last.

For the emerging European movement this means that there is no institutional counterpart to the movement, no force capable of thinking and launching a consistent programme of reforms to 'resolve' the crisis. No New Deal, no programme of progressive redistribution and reordering of the financial system and public spending that would be able to overcome the situation without a social debacle. In fact, if it has already been said that 'the movement is a revolution' this attests not only to the radical nature of its proposals but also to the fact that there is no space for reform. There is no alternative in public debate or in the official reports, and not even in the proposals of the experts. Thus, as the situation degenerates, the movement becomes ever more radical. This radicalisation is greater in the societies of Eastern and Southern Europe where the absence of an institutional alternative means the acceptance of greater social deterioration or a rebellion that turns the political and economic system of the European Union on its head. But even in the core countries (like Germany and France), apparently safe from the high levels of impoverishment experienced in the periphery of the continent, only one demand seems viable in the medium term: the profound democratisation of all European institutions and the redistribution of social wealth. The alternative is the acceleration of economic stagnation and financial crisis and the degeneration of our systems of social protection, in a spiral of social and economic deterioration of which the Greek case is only a modest experimental prototype.

For this reason, nothing seems more urgent than to overcome the national and regional divisions that until now have been obstacles in terms of responding to the crisis. The crisis unfolds, it 'organises' itself and it explodes on a global scale, but the representations, the discourses, and the management of its possible solutions continue to rely on narrow and provincial caricatures. The crisis was provoked, in effect, by the problems of the expansion of financial profit, and later manifested itself as a fiscal crisis by way of experimenting, successfully up until now, with a wide programme of corporate looting of public spending. Nothing could be further from the truth than the representations and explanations centered on 'national' responsibilities which are common to both the speeches of expert economists and the most populist opinions. At the end a convergence is produced, and this is no coincidence. From the demands of fiscal adjustment placed on Greece and Italy, which are supposedly based on their economies' lack of competitiveness, we pass quite naturally to the psychologizing explanation of the wasteful and undisciplined character of the southern countries. The moralizing bias of liberal economic theory is quickly translated into populist accusations: 'We won't pay for Southern Europe's party'. The European extreme right reappears and grows in this map of pathetic national representations.

To a certain extent, the contemporary hyper-Right is the inverted and deformed image of the European movement. This is a relatively old problem. During the decade of the 2000s the extreme right achieved more than 10% of the vote in countries such as France, Holland, and Italy. In recent years, however, it has reached a ceiling of around 20% or even 30% in Switzerland, Finland and Austria.[23] In the context of the crisis and the growing vulnerability of the population, nationalist populism creates implausible explanations, but ones which all the same have a strong emotive power. Unemployment and the deterioration of social protection systems is turned into an almost Malthusian problem of 'demographic excess', manifest in the 'unfair' competition of workers from other origins and/or with other skin colours. In this discourse, economic decline is framed in national terms but its causes are once again in the 'exterior'; excessive generosity towards the poor ('lazy') countries; the influx of cheap and bad quality foreign goods. Needless to say, the solution involves the expulsion of migrants, the 'nationalisation' of the economy, the return to patriotic values and respect for the 'common' people – normally represented as a normative middle class model family that in real life has become an increasingly impossible aspiration for the vast majority of people. It is little wonder that the European establishment doesn't see the rise of the extreme Right as anything more than a minor problem. When it comes to creating coalitions and finding allies the national-populist formations are presented as a convenient alternative. At the same time, from the point of view of financial governance, they effectively divert attention and anger towards marginal scapegoats.

Of course, the political ascent of the most authoritarian and populist right-wing parties comes to occupy the ecological niche created by the absence of alternatives and the deterioration of all shades of the electoral rainbow, especially those that declare themselves of the left or the extreme left. This mass dissatisfaction has been well-earned by the very organisations that proclaim these

23 In almost every European country (with the notable exception of France), the picture which followed the latest European parliamentary elections was characterised by the growth of such political parties. This development is much more evident in the small wealthy countries of Central and Northern Europe. These are countries in which the impact of the crisis has been less severe, but in which the progressive deterioration of the middle classes and of the welfare state has been blamed on 'foreigners' and the redistributive policies of the EU. Countries like Finland, Holland or Austria have also been the main allies of Germany in toughening the lending and 'bailout' conditions for the countries of Eastern and Southern Europe.

ideological (and often only ideological) positions. Disenchantment with the old socialist parties comes on the heels of their successive and resounding failures to propose policies distinct from those that characterise the neoliberal script. In many countries, these same parties have been responsible for implementing the worst labour reforms, the most severe cuts in social spending and policies that are completely subservient to the large European corporations. The rest of the lefts, from the greens to the different communist lefts, haven't fared much better. They have been largely incapable of moving beyond a 'responsible' opposition which proposes 'possible' reforms (green capitalism, the return to productive models based on R&D) and a nostalgic and non-productive radicalism, normally relying on aesthetics and symbols barely, if at all, adapted to profoundly transformed social situations. Not without reason, the Spanish 15M, the Greek *indignados*, a good part of the French strikes and almost everything interesting that has happened in the European political scene has been produced at the margins of the institutional lefts, outside the channels of representation and electoralism.

The novelty of today's movement lies in its rejection of any faith in official politics and the solutions of the elites, its impatience with the responsible attitudes that lead to delegation and pointlessly waiting on initiatives 'from above'. The alternative it proposes comes from below, through the absolute questioning of the democratic forms trapped in the formalism of representative politics. This is how the movement presents itself as open to all, not defined in ideological terms, fully capable of a new and radical debate. In this sense, its 'agenda' coincides little with what is traditionally considered the economic and political 'programme' of the left, whose paradigmatic figures (still well represented by the unions) continue to be the old social democratic principles: more employment, more state regulation, more public property, more social rights but always conditioned by employment and nationality.

Yet, how can we continue to talk about the right to work when it has been made precarious to such a great extent and subjected to brutal mechanisms adapted to the needs of business? How can we keep talking about social rights when these have suffered such a serious deterioration or when they remain narrowly linked to forms of employment that aren't available to everyone (recall the levels of structural unemployment in the EU)? How can public property serve the interests of the population when it has become a mere financial asset in the hands of an increasingly irresponsible political class? Is it even possible to continue defending social rights and economic regulation within the narrow framework of national borders? How many are excluded from the most basic rights and social provisions by the nation and citizenship? How can the artifice of the sovereign state be sustained faced with the complexity of global financial flows and effectively globalised production?

These are question that circulate, along with many others, in the plazas, in the assemblies and in the movement's forums. But the responses are no longer so conventional. New references and problems appear, problems linked to financialisation, the global dimension of the crisis, the fact that European societies (and especially its great metropolises) are ever more complex, more *mestizo*, less understandable by the normalizing clichés of the 'nation' and the old political identities.

To some extent, many of the movement's demands that emerged from the heat of these debates can be summarised in a few slogans. It is worth discussing a few of them here, not with the goal of declaring 'definitive' positions, or even worse, a consensus or a set of programmatic prescriptions, but to develop useful positions for the movement. We know we will only be able to determine concrete proposals through open discussion and by following the path opened up by the struggles themselves. These following five points serve, in any case, as possible material for the cycle of mobilisation in the coming months:

1. *Generalised cancellation of debt.* The government of finance is sustained exclusively via the ownership of securities (from bonds to mortgages) that bind public administrations, households and the great majority of small and medium businesses to a debt bondage set to last for decades. Governments and bankers have agreed on the validity of these securities, regardless of the conditions in which they were acquired and the social and economic costs involved. The question is whether their inviolability is acceptable or not, beyond the interests of a narrow social minority. On the one hand, bonds and other loans, and the conditions they require (commissions, interest rates, terms, compensation in case of non-payment), have been achieved on a largely fraudulent basis. In a functioning democracy banks would explain why they gave billions of euro of credit to low-income families to buy housing at greatly inflated prices. They should explain the large number of foreclosures over recent years that have left people without a home, which in some countries still leaves the victims of foreclosure with debt.[24] They would be held responsible for the speculative attacks that have pushed the most vulnerable European states to the brink of bankruptcy at the same time as they receive billions in public money to balance their delicate accounts. For their part, the EU and the European governments would have to account for their implementation of financial deregulation and tax subsidies for financial profits, institutionalizing as such the speculative practices that led to the crisis. They would also have to answer questions about their generosity when it comes to bank bailouts and the lack thereof where the rest of us are concerned.

As in Greece, 'We don't owe, we won't sell, we won't pay' means that these debts have been contracted illegitimately through abusive practices supported by irresponsible governments. The creditors' interests cannot be put before all social and economic criteria. This is particularly important when debt has become the principal impediment to European recovery. The high levels of household debt depress private consumption while public debt depresses public consumption. To insist on the obligations imposed by over-valued securities in an economic climate characterised by generalised depreciation of all assets is to impose costs on society that only benefit the very financial players and executives that dragged us into the crisis.

24 For example, this is the case of Spain where loans are given on the basis of a personal guarantee. This means that in the case of non-payment, the bank takes the house (satisfying itself if the house is sold at auction for 50% of the original price) but the person with the mortgage still owes the bank the difference between the selling price and the original value of the mortgage. Moreover, the costs of the auction and interest are added on top of this debt.

In fact, sooner or later they will have to accept that the lion's share of the debt accrued in these years can not be paid back. The dilemma resides in who will pay for the mess created by financial greed: governments (and their populations) or the banks. The bank bailouts, the spending adjustments, and the sacrosanct principle of controlling inflation seem to have aligned the EU and the governments with the first option. For the movement and society in general, only the second option remains.

The first proposal of the European movement should be, therefore, to break the chain of debt. This means simply declaring decisively that we will not pay. The generalisation of defaults (from families to states) would accelerate the banking crisis to point which until now has been avoided with relative success. This would surely set off a chain reaction of bank failures, while undermining private credit and the traditional ways of financing the state. As we well know, this threatening scenario serves as a permanent blackmail to harness public policy to the interests of the market. Nonetheless, an ordered default, driven politically by the movement, could reactivate credit mechanisms through cooperative forms and public instruments, always subjected to rigorous democratic controls. By creating alternative channels of credit, the negative consequences of a default would surely be smaller and shorter than those we are suffering now and will continue to suffer as long as this depression continues.

The real problems are, in short, purely technical and consist of simply restructuring the financial system to function as an effective and non-extortionate mechanism for financing activities with social and economic value. But the obstacles are primarily political; it is about removing from the equation the political and economic elites that have until now directed European polices. Such a transformation would suspend the current model of profit based on financialisation and would mean the greatest social and economic change in the West in the last half century.

2. Redistribution of wealth. This crisis has been framed in terms of 'lack': lack of jobs, lack of public money, lack of credit, a lack of resources in general. Yet our era is wealthier than any other in history. The problem lies in recognizing our present forms of wealth, analyzing the processes of its extraction, and in both proposing and imposing the means of redistribution. Social inequalities, the like of which have not been seen in Europe since World War II, have been created by financialisation, deregulation, the institutionalisation of speculation, tax subsidies for the wealthiest, wage reductions and the dismantling of the welfare state. The urban crisis devastating most of Europe's largest cities is just one of the many consequences of these processes.

As with policies protecting creditors, growing social inequalities have become a powerful factor blocking the resumption of capital accumulation. On one hand, the problem of demand (primarily linked to household consumption) is still the main obstacle to economic recovery. On the other, rebuilding aggregate demand, as in the 90s and 2000s, through property bubbles and massive debt is not only unlikely but also dangerous. Once again, the paradox is that the interests of reformism 'from above' (which will never occur) and the demands of equality and justice on the part of the movement might find a common denominator in the need for income redistribution.

As in the case of default, the obstacles are more political than technical. Several decades of 'welfare policies' for big corporations, benefits and subsidies for the wealthiest, and the promotion of financial speculation will not be reversed without resistance, even though the reforms may be surprisingly easy. At both a European and national level it is a matter of bringing back a progressive tax system based on direct taxes rather than on indirect charges. This means higher taxation on the assets and capital gains of the wealthiest, especially where assets are derived from financial engineering. The banking business requires greater regulation and transparency. Moreover, banks should be subject to 'special' taxes corresponding to the 'special' guarantee offered by the state as the lender of last resort. At an international level there are many possibilities in terms of imposing firm restrictions and regulations on the derivative markets, as well as a tax for capital flows. Moreover, tax havens, tax evasion and international fraud could be eradicated with a certain degree of political will and by requiring absolute transparency on the part of financial agencies.

Even partially applying these measures would change the way income redistribution works by limiting speculative flows and rewarding socially useful investments. In some ways, this is just an example of what should already be evident after decades of triumphant neoliberalism: the social problem is wealth rather than poverty, i.e. the difficulty lies in the institutional mechanisms that create a dramatic concentration of wealth in the hands of powerful minorities rather than a 'lack of charity'.

At the same time, fiscal reform of this nature would work to oppose and limit the predatory practices of financialisation. These reforms could come together with all types of specific taxes on the hidden costs (social and ecological footprints) produced by financial-capitalist plundering.[25] Examples might include 'ecotaxes' on pollution and on the destruction of natural resources, social taxes on the privatisation of social protection, 'caring taxes' on the destruction of social cohesion and any kind of security for the majority, etc.

With the income generated by new taxing measures of this sort we would be able to experiment with new ways of accessing income, such as Basic Income. This would have the positive effect of allowing for ways of life which did not require precarious, badly paid jobs. Furthermore, Basic Income has the advantage of recognizing that full employment is just an illusion which can only be

25 Present accounting systems do not include any information on the so-called externalities (hidden costs and benefits) which are always involved in today's economic activities. For example, the chopping down of a forest in a tropical country figures in GDP on the basis of the price paid, generally very small, by a given wood production company to the country in question. This leads to an increase in GDP. However, the cost in terms of what is lost for, say, indigenous communities depending on the forest for non-monetary resources, cannot be expressed in the calculation of GDP. The same blind spot is evident in the case of pollution from industrial activities or transport. To take a final example, when a public service is privatised and its management passes to the private sector, the effect can be an increase in GDP because of the economic transactions involved in private management. However, the deterioration in the quality of service will never figure, nor can it, in the GDP.

achieved by miserable wages and jobs which in many instances are of no real social value. The liberation of social time from the chains of salaried labour would allow us to dedicate new energies to education and caring, to civic and political participation, and to all of that which is useful for society but is excluded by waged employment.

Redistributive measures, such as Basic Income and others, should be accompanied by experiments in terms of new productive models subtracted from the logic of capitalist profit and accumulation. It is a matter of putting people's autonomy, social cohesion, economic democracy, and a 'human' scale of business projects before financial management and the privileges of big corporations. The prototypes of this new social economy can already be found in several experiences which have explored different fields, such as agro-ecology, social housing and/or ethical banking in cooperative forms.

3. *Democracy*. 'They don't represent us'. 'They call it democracy but it's not'. From Cairo to Athens, from Tunisia to the squares of Barcelona and Madrid, the most repeated slogan is 'democracy'. The demand for democracy denotes the kidnapping of discussion and decision-making by the 'representative' institutions. It attacks the corruption of the party system. It highlights the lack of effective, participative channels beyond organised electoral groups, as well as the lack of mechanisms of accountability for elected representatives. The movement rallies against the subordination of political institutions to the economic interests of big corporations. It retrieves the old republican principles and charges that the law is not equal for all. It identifies the complicity of big unions in terms of managing the labour market into greater and greater levels of precarity. It points the finger at the media, discloses its interests, recognises its manipulation. It critiques the media as an inappropriate space for a genuinely democratic discussion. In parallel the movement has created the means by which to constitute itself as a potential democracy: assemblies, mechanisms to reach a consensus, a new public space for discussion and decision-making beyond the corporate media.

In other words, the movement arose from the denunciation of a political system which, despite being formally labeled as a 'democracy', does not allow for effective participation by the citizens, who are invariably condemned to delegate every crucial decision to an ever more untrustworthy political class. At the same time, the movement has fed on direct democratic practices in the citizen assemblies (both face to face and online) and in free discussion without intermediaries.

For many people, the challenge lies in how to establish new forms of democracy. How to reform the electoral system? How might we create new tools for participation and decision-making? What institutions may be created beyond the party-political system? These are technical but also political questions concerning the institutional dimension of the political system and the dismantling of the blockages and corruptions that currently prevent people from exercising a more real, more direct democracy. However, the movement has also discovered that the strength that makes democracy effective does not come from institutions, but from something less tangible: from the possibility of calling 'anything' into question; from the capillary extension of political discussion to every corner of society; and from engagement among equals as a basic principle of decision-making. At stake here are elements that cannot be fully expressed at an institutional level and that are ultimately excessive to any formal 'democratic' procedure. The challenge is that of reinventing politics and in so doing to provoke a recurring encounter with civic passion.

This is what can really generate fear and terror in the political class: the exercise of massive participation divesting experts and representatives of their special condition of decision-making subjects, rendering them 'one among many'. Their fear of democracy is normally expressed in terms of responsibility: 'Leave decision-making to those who know best'; 'Such diversity of opinion can only end in chaos'; 'First of all governability must be guaranteed'. These are the spectres of order invoked against the chaos of democracy, as if the present 'political order' was not a huge source of general disorder manifest in political corruption and the plundering of public wealth.

One of the most important questions that the movement will have to answer over the next few years is how to ensure that institutional conquests can make an effective democracy possible at all levels of government. At the same time, these new institutional forms must be able to ensure a lively political society permanently animated by public discussion and concern for common matters.

4. *The commons*. The movements of the *indignados* of Greece and Spain can be understood as a reinvention of political passion and concern for that which is common. Democracy, public services, wealth distribution are all matters relating to the commons, i.e. everything that affects us all. But the commons is not limited to what is traditionally understood as 'public questions'. Historically, it has been a very important model for property and the management of productive resources.

'The commons' or communal resources refer to a regime of property and resource management which is neither public nor private. Instead, it is subject to forms of organisation and use that are determined by a concrete community which effectively owns those goods. The commons have probably been the most consistent form of property and resource management in history. Most peasant societies have had at their disposal a series of goods (forests, mountains, farm land, rivers and seas) which have been managed in this fashion. Sometimes, the importance of the commons was such that they provided the main means of supporting the entire community. In other cases, they worked as a buffer for social inequalities, complementing the incomes and resources of vulnerable groups.

There are two particularly interesting elements here. Firstly, communal resources are inalienable; they cannot be transferred because they do not belong to the state nor to any individual, but to society as a whole. Secondly, communal resources are directly linked to the community, i.e. such resources are in the hands of those who use them. This makes possible, and in a sense calls for, forms of direct democratic management.

From a historical perspective, the destruction of the commons has been bound up with the development of the capitalist mode of production, as well as of some previous economic forms, including feudalism. In a sense the commons has facilitated the possibility of ways of life beyond waged employment, and this in itself runs contrary to the logic of capitalist accumulation. The latter has typically been characterised by the demand for the largest possible amount of 'free' workers and land 'free of unproductive use'. This is why the confiscation and privatisation of resources continues to be the principal way in which capitalism seeks to resolve its crises.[26] This confiscation and privatisation is pretty similar to the current 'neoliberal' attack on public services and public goods.

Over the last few decades, basic public services such as education or health systems, which make up the so-called welfare state, have been the principal forms of common resources in Europe. Notwithstanding state control of these resources (with the consequent technocratic administration and democratic deficit), public services have been able to guarantee social reproduction at a certain distance from the predatory logic of the market. These spaces and resources have become the main target of neoliberalism.

The wave of privatisations in the past few years has affected nearly all public services and goods, regardless of whether or not they can be properly managed by for-profit companies. Nonetheless, and to be fair, it should be noted that this latest wave of violence against public services is not simply a conspiracy concocted behind the backs of the European people (although this is what a reading of EU documents seems to suggest). The liberal critique of public services and assets, at least in part, targets the authoritarian and arbitrary nature of state ownership. Public ownership, especially when democratic control of the state is so weak and the degeneration of the party system so advanced, is no guarantee that the community can access the resources which in fact belong to them.

In this sense, the commons as a form of ownership and management might provide an effective counterbalance to privatisation. Once we accept that public services are indeed communal resources the state can be repositioned as a mere intermediary, and one that can be replaced by other, more trustworthy, institutions. More importantly, perhaps, the shift to the commons as a form of property ownership/management can provide an interesting institutional lever to democratise public services, as well as all those goods and resources society considers essential. These include most of the 'natural resources' which are currently threatened by the remarkable 'efficiency' of private exploitation.

The tension between privatisation and the commons has been at stake in recent conflicts around knowledge, author's rights and industrial property. The internet and new technologies have made universal access to knowledge and culture possible. All you need is a computer and an internet connection. However,

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26 Indeed, this process of privatisation is not over. Even in old Europe, almost all bodies of legislation conserve in some form old communal legal statutes. At stake here is the public control of resources. This in the case, for example, with some resources which are still considered public, as is often the case with mountains, forests and the sea, as well as immaterial goods such as cultural products where the author's death was more than 70 years ago.

intellectual and industrial property laws have emerged as modes of appropriating and plundering this sphere of common knowledge. The question is whether or not this conflict around knowledge, which is so important for the future of our societies, might be in some way similar to conflicts in other areas such as natural resources and public services.

5. *Europe*. Europe as a problem; as the personification of the institutions that have made the people pay for the crisis. Yet we can also think of Europe as a conflict, as the central territory across which the movements ebb and flow. The movements have become European by necessity. This is not only because the enemy of the movement is the European supergovernment and the continental corporations, but also, and above all, because the movement can only develop its strength at a European level. The old argument of the limits of 'revolution in a single country' has never been so true. Even if the 15M movement or that of the Greek squares had the force to challenge the alliance between governments and oligarchies in their respective counties, or to impose a unilateral default on their states, they could not achieve a viable economic alternative in their own country. The punishment inflicted by the financial markets against those countries would escalate, beginning with a flight of capital, followed by the closure of all channels of state finance and finishing with an exit from the euro and a dramatic economic crash. It is only through concerted means that sufficient force can be gathered to confront the interests and the privileges of the financial oligarchies.

It is worth noting that even Europe, the very place which has in the past declared itself to be the centre of the world, is today just another region in the global map, specifically, the most western peninsula of the Asiatic continent. The one time worldwide powers (France, Britain, Germany) are now small provinces when considered separately. The only possibility beyond economic collapse involves working together, in mutual solidarity, with the perennial European 'Other' (the countries to the south of the Mediterranean). The only possibility for the movement is extension and contamination on a continental level.

The effective redistribution of financial wealth, putting a stop to financial pillaging or implementing effective corporate taxation, can only be achieved at a European level. As such, the democratisation of the European institutions should start by taking back Brussels and kicking out the powerful European lobbies. Likewise, democratic controls on economic policies should be put in place, in particular with regard to the European Central Bank. Furthermore, it is necessary to turn the Parliament and all the European institutions into truly democratic organs, and to create a fiscal system and European budgets that are able to work as efficient tools for distributing wealth.

In other words, progress towards a genuine European democracy is only feasible from an explicitly 'non-national' position. The nationalist reaction to the crisis, the temptation to take refuge in the nation, particularly in the wealthiest states, is probably the worst and most dangerous alternative to the European movement. Populist political formations thrive on simplified polarities (them and us) and hatred of the 'other' (mainly so-called 'non-Europeans'). In the best case scenario, a politics of 'every man for himself' within Europe can only result in the dead-end of increased competition between territories.

The most meaningful path for the movement involves reinventing European democracy from the point of view of a political bond which is not based on the nation. This means thinking Europe as a political body founded on nothing other than the will of its members; on nothing beyond the act of collective decision making which the movement itself attempts to put into practice. This cannot be built on a vague and unconvincing Europeanism and even less so on some supposedly common history or culture, given the complexity and hybridity of our contemporary metropolises. Its consistency can only be political. Hence it might extend to the East and the South, based on developing new and potentially global democratic forms.

These five points, as well as many others that have surfaced in the assemblies and forums of the movement, recall questions that, in some way or another, have arisen in the context of previous pro-democracy movements. Does our political system, our form of government, give equal opportunities for decision making and participation to everyone? Does it prevent, more than other systems, arbitrary domination, servitude and political exclusion? What about corruption, privilege and authoritarianism? Does it provide the means for stimulating collective intelligence in relation to common matters? Does it respect and promote the voice of minorities, unorthodox opinions and challenging solutions?

The party system in European democracies, as well as the authoritarian and presidential regimes in North Africa (bearing in mind that these are also formally democratic), seem to have given the wrong answers to these questions. And that reality grows clearer every day. The noun 'democracy' and the appeal to the principle of representation do not, and should not, serve as a blanket justification. 'Western' democracy is not the only form that has existed throughout history and neither is it the only possibility. While institutions such as political parties and 'representation' are very much naturalised they need not be central to a democratic system. The movement knows this and has already started experimenting with other means of discussion and decision-making.

Likewise, the European movement has asked another important question for any democracy worthy of the name: does our economic system provide resources and services of sufficient quantity and quality? Does it do so in a potentially universal way (i.e. for everyone)? Does it maintain and enhance collective wealth, including natural and immaterial goods such as knowledge and culture? The financial capitalism of the last 30 years, which has Anglo Saxon roots but has been very much assimilated by the EU, has proven to be a resounding failure in terms of answering these questions. Nowadays, European wages are the same as they were two decades ago, and social inequalities are greater. In addition, the quality of and access to social welfare has deteriorated considerably. Likewise, ecological balance, both at regional and worldwide levels, has continued on its downhill and in many cases irreversible trajectory. Advances in the above areas, experienced in some countries during the 2000s, have vanished during the last 4 years of crisis. As argued previously, the insistence on neoliberal solutions condemns the EU to stagnation and to a zero-sum game where the profits of finance and big business are obtained by plundering society on an ever greater, and more brutal, scale.

When it comes to providing an alternative response to these questions we must confront that well known blackmail: 'Unless you accept what we offer, we will end up in absolute economic disaster'. This is a variation on the theme of the totalitarian socialist scarecrow. The truth is that today the possibility of a post-capitalist horizon, or at least of moving beyond the most predatory and brutal forms of contemporary capitalism, need not mean nostalgia for the old welfare state, and even less so for the planned economies of socialism. In fact, the struggle for a world beyond capitalism was possibly never limited to those terms. Thinking a horizon beyond that which presently exists must involve designing an economy that provides for the autonomy of people and does not subjugate and exploit them. This must involve concrete reforms that change how we measure wealth. It must involve measures that grasp the value of all those basic activities at the heart of life and of common welfare. And such measures must also take account of the destruction of the environment and the deterioration of the conditions for life. We must also acknowledge the current existence of enormous wealth and demand its redistribution, not only in terms of social justice but also in terms of economic efficiency. It involves, in short, bringing to halt the disaster that is our current economic system: the economic crisis, the social crisis and the horrific ecological crisis. And all this at a level which must be regional (i.e. European) if not global.