

Yellow vests (Gilets jaunes): learning from history and acting now

Proposals for the men and women in the struggle

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Some consider that if you are involved in a movement against a tax (supposed, in theory at least, to redistribute wealth) rather than for higher wages, say (in the broad sense, including social security), you are part of a right-wing movement. This is not so: many revolutionary movements started because the burden of unfair taxes had become unbearable for a majority of the people.

The starting point of the French Revolution was the rejection by the people of the unfair tax policy imposed by the monarchy. Most of the population was subjected to a huge tax burden while the aristocracy and clergy did not pay any taxes. Why had the monarchy increased taxes? To repay the public debt owed to the bourgeoisie, a debt that served the rulers' interests with no regard for the people's needs.

Triggering, in part, the 1789 Liège Revolution (Belgium) was a tax on beer, which was the last straw, as it were. People could no longer bear the fact that the clergy and the aristocracy should not pay any taxes and protested against the fact that 25% of the Principality's budget went to repay illegitimate public debts.

One of the causes of the first Russian revolution in 1905 was unfair taxation intended to finance the repaying of a public debt that had increased as a consequence of wars waged by the tsarist regime. Before they were arrested by the Tsar's police, the leaders of the revolutionary movement at the head of workers', peasants' and soldiers' councils in Saint Petersburg had announced that repayment of debts contracted by the establishment had to be stopped.

The poll-tax imposed by Margaret Thatcher in 1989 set off a huge resistance movement in the UK since this tax on housing unfairly hit the poorer section of the population. It resulted in uprisings throughout the kingdom and eventually led to the demise of the Iron Lady.

The movement of the gilets jaunes is the expression of overwhelming exasperation at the flagrant injustice of policies implemented by our rulers

In 2018, the movement of the gilets jaunes (yellow vests) which has developed in places such as France, its colony, the island of Réunion and Belgium (mainly Wallonia and Brussels) is the expression of overwhelming exasperation at the flagrant injustice of policies implemented by our rulers: a large part of the population has seen its income decrease, suffers from restrictions in public services and finds it more and more difficult to keep up with the cost of living. A majority of those who are part of this movement are not organized in either trade unions or political parties. The yellow vests are protesting against unfair taxes, shoestring wages and miserable pensions. They demand an increase in minimum wages and purchasing power. Another frequent demand is the introduction of a tax on the very wealthy (which was recently cancelled in France).

Our leaders explain that the increase in the cost of fuel is part of our contribution to fighting climate change and a way of repaying our debt. [1] This kind of discourse does not convince anyone. Why? Because most citizens are fully aware that their government has not taken any efficient measures against climate change: there are no taxes on jet fuel or on the profits of multinational oil companies, it provides no alternatives to using private cars but is cutting the number of trains, closing country stations and increasing fares, etc. Moreover, while continuing to reduce the purchasing power of those who already have to manage on very little, generous tax cuts are given to the wealthy and to big companies.

More and more citizens realize that leaders are enforcing an unfair and therefore illegitimate policy. They have taken to the streets to convey their demands.

As in the case of the 1789 revolutionary process, what emerges is a dynamic of collective and spontaneous drafting of registers of grievances, which include demands and proposals formulated on the social networks that are debated among people who didn't know each other yet now picket together to block or filter traffic on the roads, or access to harbours, industrial storage, buildings of the Finance Ministry. They want to be heard and they hold debates. In many cases this is the very first time they are confronted with politics on the terrain, they are learning how to self-organize, face repression, and they are becoming aware that the mainstream media along with governments are adept at disinformation.

Some demonstrations turn violent, just as has always happened in the context of the major social uprisings in the history of humankind.

Not a single robber baron has been sentenced to prison

In France, the judiciary, which is aiding and abetting the executive, decided on a police crack-down against protesters. Prison sentences have multiplied at a dramatic rate. The violence inflicted by the powers that be and the judiciary through the heavy sentences issued to protesters is unprecedented over the past sixty years. They literally want to intimidate people to prevent them expressing their anger against an authoritarian, unfair and repressive power. This policy clearly recalls the stigmatisation and repression of lower classes in the 19th century. The judiciary is displaying its class allegiance. On one hand unconditional four- or six-month prison sentences are handed down to yellow vests for having joined citizens' protests in which public or private property was damaged. On the other, no sentence has been issued to bank owners or corporate CEOs, and yet they systematically plunder public goods through large-scale tax evasion. Not a single robber baron has been sentenced to prison although the damage resulting from the 2007-8 crisis they caused amounts to dozens of billion euros for society.

However, wielding both stick and carrot, the Macron government is attempting to defuse the movement by announcing a cancellation of the rise in the price of fuel and a moratorium on a stricter approach to technical control of cars. But it still refuses to grant any real increase in minimal wages. On 10th December, Macron only announced a prime of 80 euros and an indexation of the legal minimum wage of 1,9%. The government still refuses to increase the pensions. And it refuses to reinstate the tax on wealth. Fiscal austerity will be continued and will thus prevent any real increase in income for those who desperately need it. There will be no massive investments in public collective transport nor a lowering of fares, though this would be an effective measure against climate change. There will be no increase of corporate taxes for such polluting companies as Total. We could draw a long list of measures the Macron government should take (but will not) to implement a solution to the social and climate crises.

Unfair taxes are used to repay an unfair public debt

In debates within the movement it has to be highlighted that unfair taxes are used to repay an unfair public debt. The public debt, which has sharply increased over the past years, has been accumulated in order to serve the particular interests of a privileged minority: major shareholders and bank owners who have profited from bank bailouts since 2007-2008; the very wealthy who have kept receiving tax deductions; corporations, which pay very limited taxes. Moreover, as a consequence of the Maastricht treaty, successive governments for the last 40 years have not been allowed to finance their debts from their own resources or by borrowing directly from their central banks; they have sold debt securities to private banks and investment funds, which now have a monopoly on loans to governments. This results in extra costs for the governments, paid for by ever more taxes on the population, while the wealthier sector is practically exempted, as it was under the Ancien régime.

A large part of new public loans is used to repay former debts and this means secure revenue for private banks and the wealthy who have bought debt securities. For these various reasons a large part of the debt is illegitimate and we must fight to get it cancelled.

A large part of new public loans is used to repay former debts

The other side of this unfair coin consists of the fact that a significant proportion of those who join the yellow vest movement are indebted to banks since their limited income is not enough to face their basic needs such as food, medicine and health care, housing, heating, clothes, transport, schooling... This is clearly illustrated in the predicament of those who have been fined over the last days: many are over-indebted because their income is not enough to cover their basic needs. Measures must be taken to cancel part of the households' debts since they have had to bear the brunt of a sharp decrease in their actual income.

After four decades of neoliberal offensive, capitalist exploitation has narrowed the gap with the conditions of 19th century

Finally, the government demonstrates the validity of the Communist Manifesto which claims that proletarians only have their own chains to lose. After four decades of neoliberal offensive, capitalist exploitation has narrowed the gap with the conditions of 19th century wage-earners: precarious working conditions, low wages, employers that are all-powerful in contractual relationships with employees, no security for the elderly or those with serious health problems, deterioration of living conditions, stigmatisation of certain categories, arbitrary and disproportionate repression of social protest...

Let us remember that at the beginning of the neoliberal offensive some claimed that it would bring about a kind of popular capitalism, as wage-earners would also become shareholders hoarding wealth. Nowadays we can all see that a very large part of the population is surviving on shoestring budgets. The myth of "capitalism for the people" bites the dust.

It is high time to turn to radical solutions.

Alternative policies in the people's interest must deal at once with austerity, public debt, private banks, the Eurozone, oppose authoritarian tendencies and launch the process of creating a new constitution. Experiences in the Eurozone over the 2010-2018 period have clearly shown that it is impossible to break with austerity unless all the above problems are dealt with, at the very least. Of course, the climate and environment crises must also be addressed. So must the humanitarian crisis caused by Europe's fortified-borders policy – the cause of so many deaths in the Mediterranean of immigration and asylum seekers –, the Middle East crisis, the far-right and the rise of racism. Since the election of Trump, the radical movements that gathered around the Bernie Sanders candidacy are called into the front line of opposition against Trump and his programme. The European radical

left, trade unions, feminists and environmentalists must create links with the forces of resistance in the U.S. It is also vital that the European radical left develop close collaboration with the British left and the Corbyn tendency.

Public debt could be used to finance ambitious programmes of ecological transition instead of to enforce anti-social, extractivist, productivist policies

Public debt could be used to finance ambitious programmes of ecological transition instead of to enforce anti-social, extractivist, productivist policies that foster competition between nations. Public indebtedness is not in itself a bad thing. Public authorities can use loans to:

- finance the complete closure of thermal and nuclear power plants;
- replace fossil energies with renewable sources of energy that respect the environment;
- finance a conversion from current farming methods, which contribute to climate change and use a lot of chemical inputs which are responsible for the decrease in biodiversity, favouring local production of organic food to make farming compatible with our fight against climate change;
- radically reduce air and road transport and develop collective transport and the use of railways;
- finance an ambitious programme of low energy social housing.

Public borrowing is quite legitimate if it serves legitimate projects and if those who contribute to the loan do so legitimately.

A popular government will not hesitate to force corporations (whether national, foreign or multinational) as well as richer households to contribute to the loan without drawing any profit from it, i.e. with zero interest and without compensation in the case of inflation.

At the same time, a large portion of households in the popular classes will easily be persuaded to entrust their savings to the public authorities to fund the legitimate projects mentioned above. This voluntary funding by the popular classes would be remunerated at a positive actual rate, for instance 4%. This means that if annual inflation reached 3%, the public authorities would pay a nominal interest rate of 7%, to guarantee an actual rate of 4%.

Such a mechanism would be perfectly legitimate since it would finance projects that are really useful to society and because it would help reduce the wealth of the rich while increasing the income of the popular classes.

We must also put forward other concrete proposals that should be implemented by a government as devoted to the people as the current governments are devoted to the 1%.

The first step is to begin disobeying in a clear and determined way

First proposal: A left-wing government must disobey the European Commission in a very transparent manner, with prior announcements. The party or coalition of parties which claims to govern should refuse to obey the austerity measures from the outset, and pledge to refuse measures whose sole purpose is balancing the budget. They should announce: "We will not submit to the European treaties' diktat of a balanced budget because we want to devote more public expenditure to social development, end austerity and embark on the ecological transition. This all implies managing greater budget deficits for several years running".

Therefore, the first step is to begin disobeying in a clear and determined way. The capitulation of Greece in 2015 has shown us why we must shed the illusion that the EC and other European

governments respect the will of the people. This illusion can only lead to disaster. We must disobey.

Second proposal: Call for popular mobilization both at the national and the European levels.

Third proposal: Resolve to launch a debt audit with citizens' participation

The situations in the EU countries, and of course within the Eurozone, are diverse. In some European countries – as in Greece – it is a matter of utmost necessity to suspend debt repayments, in order to make an absolute priority of meeting social needs and guaranteeing basic human rights. It is also a key element of any self-defence strategy. In Spain, Portugal, Cyprus, and Ireland, it all depends on the balance of power and the current economic picture. In other countries, it is possible to carry out the audit first and then decide on the suspension of repayments. The specific situation of each country must be weighed before implementing these measures.

What if a leftist government in Spain or France should say to the ECB: "we will suspend repayment of the bonds you hold herewith"

Faced with the threat of reprisals from the ECB, the peoples of the member States of the Eurozone have a powerful weapon of self-defence. Now the ECB holds large quantities of sovereign bonds of Eurozone countries that it bought up from private banks in the context of Quantitative Easing (see box). On 30 November 2018, it held sovereign Spanish debt bonds to the value of € 259 billion, € 363 billion in Italian bonds, € 418 billion in French bonds and € 36 billion in Portuguese bonds. [2] In all, in December 2018 the ECB held 2170 billion euros' worth of sovereign debt bonds of Eurozone countries (if we include what is left of the Greek bonds bought up in 2010-2012). What if a leftist government in Spain or France should say to the ECB: "if you try to prevent us from conducting the policies that our people have elected us to carry out, we will suspend repayment of the bonds you hold herewith". The suspension of payments would apply both to interest and to the amount due at maturity. Thus the government would have in its hands a powerful weapon of self-defence and pressure that it should not hesitate to use. Further, if the debt is judged to be odious by the government and the people, having served objectives that were contrary to the interests of the majority, repudiation based on an audit with citizen participation would be a legitimate act.

The policy of Quantitative Easing (QE) has been implemented by the ECB since 2015 in the wake of what the Fed had done in the US from 2008 to 2014. It consists of massively purchasing private and public debt securities from banks in the Eurozone and from corporations. It thus pours liquidities into banks and corporations, which then use the money to speculate, thus making further crises more likely. Economic recovery is awaited in vain. The ECB was to put an end to this purchasing programme at the end of 2018 but decided to maintain the level of the stock of about € 2200 billion of sovereign securities it purchased from private banks between 2015 and the end of 2018. This means that when sovereign securities come to maturity the ECB can buy more for an equivalent amount and thus pour further liquidities into private banks, who then buy more sovereign securities from France and other countries. Moreover the ECB uses this device to blackmail governments that do not comply with austerity measures and neo-liberal reforms. Indeed if a government should decide to break away from austerity, the ECB could decide not to buy its debt securities when the old ones have matured. It could harm the said government if it decides to buy instead debt securities from a hard-line neo-liberal government. This would result in increasing the cost at which the country finances its debt. It is one of the reasons for which a legitimate government that wants to break away from neo-liberal policies must immediately suspend repayment of securities held by the ECB and simultaneously launch a policy of public loans combined with an audit of former debts inherited by the Ancien Régime, an audit with citizens' participation, so as to repudiate the part of the debt that is illegitimate, odious, illegal and/or unsustainable.

Fourth proposal: Establish supervision of capital movements and understand what that means. It does not mean that people cannot transfer a few hundred euros abroad. Obviously international financial transactions would be allowed up to a certain amount. On the other hand, it is important to enforce strict control over capital flow beyond a certain limit.

Placing the finance sector under citizen control and creating a public banking service

Fifth proposal: Socialize the financial sector and the energy sector

Socializing the financial sector does not merely mean developing a public banking hub. It implies decreeing a public monopoly on the financial sector, i.e. banks and insurance companies. In other words, turning the financial sector into a public service. [3] Socialization consists of placing the finance sector under citizen control and creating a public banking service. Socializing the banking sector means:

- expropriating major shareholders without compensation (or merely with a symbolic euro); small shareholders will be compensated;
- entrusting the monopoly of banking activity to the public sector, with one exception: there will be a small-scale cooperative banking sector (subject to the same basic regulations as the public sector);
- drawing up - with citizen participation - a charter of objectives and missions which place the public service of savings, credit and investment in support of priorities defined through a process of democratic planning;
- ensuring transparency of accounts which must be presented to the public in easily understandable form;
- creating a public service of savings, credit and investment with a double structure: on the one hand, a network of small proximity establishments, and on the other, specialized organisms in charge of fund management and investment finance for projects not handled by the ministries of public health, national education, energy, public transport, pensions, the socio-ecological transition, etc. The ministries must be endowed with budgets adequate to cover the funding of the investments relating to their responsibilities. As for the specialized organisms, they would intervene in matters falling outside the competence and spheres of action of those ministries to ensure a cohesive whole. [4]

Of course, socializing the energy sector will also remain a priority during the ecological transition. An ecological transition cannot take place without a public monopoly of the energy sector, both in terms of production and distribution.

Sixth Proposal: Creation of a complementary, non-convertible currency and the unavoidable debate on the Euro

Whether a country chooses to exit the Eurozone or to remain in it, it is necessary to create a non-convertible complementary currency. In other words, a currency that is used locally, for exchanges within the country - for example, for paying civil servants' pensions and salaries, taxes, public services etc. The use of a complementary currency enables partial relief from the dictatorship of the euro and the European Central Bank.

Of course, we cannot avoid the debate on the Eurozone. In several countries, exiting the Eurozone is an option that must be defended by political parties, trade unions and other social movements. Several Eurozone countries will not be able to truly break away from austerity and launch an eco-socialist transition without leaving the Eurozone. A redistributive monetary reform, [5] or else the levying of a special progressive tax on incomes above €200,000 per annum, should be implemented in the case of an exit. That proposal would apply only to cash assets, and not to personal property (principal residence, etc.).

Seventh proposal: radical tax reform

Remove VAT on basic consumer goods and services, such as food, electricity and water (up to a certain level of consumption per individual), [6] and other basic necessities. On the other hand, increase VAT on luxury goods and services, etc. We also need to increase taxes on corporate profits and incomes above a certain level – in other words, a progressive tax on income, wealth, and luxury residences. Owner-occupied homes will not be targeted. The reform of taxation must produce immediate effects: a very significant decrease in indirect and direct taxes for the majority of the population and a very significant increase of the same for the wealthiest 10% and for major corporations. Also, strict new measures will be taken against fraud and tax evasion.

Eighth proposal: de-privatization - “buy back” privatized companies for a symbolic Euro

Paying no more than a symbolic Euro to those who have benefited from privatizations would be an appropriate gesture and would strengthen and extend public services under citizen control.

Ninth proposal: implement a broad emergency plan for creating socially useful jobs and for social justice

Reduce working hours with no reduction in wages. Repeal antisocial laws and adopt laws to remedy the situation of abusive mortgage debt; countries such as Spain, Ireland, Greece, etc. are the most concerned. This could well be fixed legislatively, to avoid court actions (since many households have to face litigation by banks). For example, a Parliament could pass a law to cancel mortgage debts below €150,000 and so put an end to such cases. A vast programme of public expenditure would be implemented in order to stimulate employment and socially useful activity by encouraging the local economy.

Tenth proposal: Initiate a genuine constituent process

This does not imply constitutional changes within the existing parliamentary institutions. It involves dissolving the Parliament and electing a Constituent Assembly by direct vote, and articulating this process with ongoing struggles at different local levels, thereby laying the foundations of something resembling an “eco-socialist” society. Among such struggles, we can mention the current yellow vest movement; strikes aiming to improve working-conditions in defiance of the power of the bosses; the occupation and take-overs of factories, introducing models of self-management; a new wave of feminist struggles tackling patriarchy and pushing for equal rights; movements to receive and help migrants; environmental movements based on occupation of territories and direct action (“ZAD”, “Ende Gelände”, etc.), inventing new forms of community management; “rebellious municipalities” that disobey austerity or anti-migrant directives and create their own networks; grass-roots initiatives of public debt audits and challenging illegitimate debt. These struggles provide starting-points for a constituent process with an anti-capitalist orientation. Such a process could also be integrated in similar processes at the European level.

Breaking away from austerity policies cannot be achieved if radical measures against big capital are not taken

These are ten basic proposals for discussion. But one thing is certain: the measures to be taken must go to the root of the problems, and must be applied simultaneously within a coherent programme. Breaking away from austerity policies cannot be achieved if radical measures against big capital are not taken, from the very start. To believe there is any other choice is to hide behind a smokescreen and can never achieve real progress. Such is the architecture of Europe, and so great is the capitalist crisis, that there is no room for neo-Keynesian productivist politics. Eco-socialism must be put at the heart of the debate, not left aside. Immediate and concrete proposals must emerge. We must wage the struggle against austerity and embark on the path of an eco-socialist transition. It is of absolute and immediate necessity.

It is of the utmost importance to provide people with an explanation of what should and can be done to bring about real change. Indeed in public debates the feasibility of breaking with the neoliberal model is constantly questioned, in the wake of the fiasco of the Greek experience in 2015.

Proposals must form a coherent programme. The programme needs to come with some sort of user guide. This is obviously the most difficult part, but how else can people be convinced of a programme's feasibility? There need to be several scenarios based on the lessons of the last eight years in the EU in general and in the Eurozone in particular.

It is important to keep in view a rigorous analysis of the events of the first semester 2015 with the capitulation of the Tsipras government. There is one obvious lesson to be learned: faced with a popular government, the negative response of the governing bodies of the EU will be swift. The European Commission, the Eurogroup and the managers of the ECB would not remain passive if a popular government decided to take the route of change. There will be no waiting-period of several months. The popular government itself will have to act rapidly.

In the case of Greece, in the first days that followed the installation of the government, the ECB subjected Greece to a process of financial suffocation. The Tsipras government's refusal to take strong measures of self-defence led to the first capitulation of 20 February 2015. [7] Afterwards, they could still have taken a radical turn but the governing core around Tsipras maintained the same attitude of capitulation that led to the tragic outcome of July 2015.

In fact, since the Greek experience, unless they are ready to settle for measures such as those taken by a government like Costa's in Portugal, any left-wing strategy must integrate the fact that the European authorities' sabotage measures will come thick and fast. In the same way, markets will respond negatively and the mainstream media will be hostile towards a popular government.

The Left would be wrong to imagine that the Eurogroup, the ECB, the German government of 2018 and its allies in the Eurozone might allow a popular government in Spain or France or other Eurozone countries to engage in far-reaching change. For those institutions, it would be vital to prevent any possible extension of an authentic left-wing experiment.

It is therefore indispensable that they should show they are capable of drawing up radical proposals in the domains of monetary policy, debt, banks, taxes, the budget (by refusing to secure a primary surplus before debt payment), Capital/Labour relations, social security, international policies and –no less indispensable— in the domain of political democracy, which implies calling an authentic constituent process.

To modify power relations, mobilization of the people will be the decisive element

We know that to elaborate a coherent programme and add a convincing user guide is not going to be enough to modify power relations. Mobilization of the people will be the decisive element. But without a coherent programme and a real desire to implement it, there would be a risk that popular mobilization would fail to win through, remaining fragmented. The existence of a programme and the determination to push it through could begin to shift the lines and take the offensive.

Let us hope that we will prove capable of confronting our ideas and our proposals in order to come up with a collectively elaborated programme that goes beyond the present state of fragmentation and abstraction that we see in the popular camp. Let us do everything it takes in terms of action and mobilization to get that programme implemented.

Having said that, the way out of the crisis must not be a nationalist approach. It is as important now as it ever was to adopt an Internationalist strategy and aim for a European

integration that binds all the peoples opposed to the present form of integration that is totally dominated by the interests of big capital.

There is also a need to keep up new campaigns and coordinated actions at the continental level and beyond on issues of debt, the right to accommodation, the reception of migrants and refugees, public health, public education, the right to work, the struggle to close down nuclear power plants, the radical reduction of use of fossil fuels, combating tax dumping and tax havens, the fight for the socialization of banks, insurance companies and the energy sector, actions against increasingly authoritarian methods of governance, the struggle to defend and extend women's rights and the rights of LGBTI people, promoting common goods, and launching constituent processes.

The weak links in the intra-European domination chains are to be found in countries on the periphery such as Greece, Portugal, Spain, but also in France, Belgium, the UK and Italy.

The yellow vest movement that started in France and in the island of Réunion has begun spreading towards other countries, notably French-speaking Belgium. Solidarity actions with the yellow vests are emerging everywhere. It is high time to embrace an internationalist empowering strategy.

Eric Toussaint

P.S.

- <http://www.cadtm.org/Gilets-jaunes-yellow-vests-learning-from-history-and-acting-now>
- Translated by Snake Arbusto, Mike Krolkowski, Vicki Briault and Christine Pagnouille

Footnotes

[1] From July 2018 a huge popular movement has developed in Haiti. After an IMF press release claimed the need to create a fiscal space "to finance social programmes and increase public investments" (blah blah blah...), the government increased the price of fuel. This had immediate consequences on the cost of living as it resulted in a steep increase in fares on public transport in a country where cities have developed in complete anarchy, where most of what is needed for people's survival has to be imported, where farm products have to be carried by truck to Port-au-Prince. The population understood at once. As soon as the increase was announced in early July, uprisings occurred in the poor neighbourhoods. Two million Haitians mobilized and eventually got those measures repealed.

[2] ECB official website, "Breakdown of debt securities under the PSPP", <https://www.ecb.europa.eu/mopo/implement/omt/html/index.en.html> accessed 11 December 2018.

[3] For an explanation regarding socialization of banks, see ["What is to be Done with the Banks?"](#) Version 2.0.

[4] Patrick Saurin and Eric Toussaint, [How to Socialize the Banking Sector](#)

[5] By applying a progressive exchange rate when moving from the Euro to the new currency, the

amount of cash in the hands of the wealthiest 1% would be reduced and wealth redistributed to households.

[6] This could be combined with measures to provide water, electricity, gas, etc. free of charge to individuals up to a certain level of consumption.

[7] Eric Toussaint, [“Varoufakis-Tsipras move towards the disastrous agreement with the Eurogroup of 20 February 2015”](#), published on 11 February 2018 ; Eric Toussaint, [“The first capitulation of Tsipras and Varoufakis at the end of February 2015”](#) published on 14 March 2018.