

RETHINKING THE SYSTEM

AN ANALYSIS OF SOCIAL PROTESTS AS A RESULT OF THE CRISIS IN THE FINANCIAL MARKETS CANNOT BE CARRIED OUT WITHOUT CONSIDERING STRICTLY ECONOMIC PERSPECTIVE. IN THIS INTERVIEW ECONOMIST AND JOURNALIST STEFANIE MÜLLER PROVIDES THIS SCIENTIFIC APPROACH BUT ALSO SHARES SOME OBSERVATIONS DRAWN FROM HER MANY YEARS OF RESIDENCE IN THE EUROPEAN HEART OF THE PROTESTS – MADRID, SPAIN.

INTERVIEW WITH **STEFANIE MÜLLER**
BY ELIZA KANIA

What are the main differences between precariat and proletariat?

I think that the term proletariat refers to industrial workers while precariat includes all the badly paid service workers, some of them even have an academic carrier. It is more about financial exploitation than a physical one. The difference is that Precarians are totally aware of their situation, they have travelled, they have more knowledge and a lot of them a very good education, which makes it even harder for them to stand the situation. You have more precarians in countries like Spain where you nearly have any social benefits and just the family as your last chance.

Which changes in the economic system in the past decades affected the situation of people called the precariat mostly?”

What changed is the big difference between salaries and bonuses of the top-management and the lower middle class people. Since in countries like Spain so many people go to university it is nothing special anymore. The companies do not remunerate academic background; it is like a condition that is not rewarded anymore.

What would you describe as neo-liberal policies, and how does it relate to the situation of the precariat?

In think that precarious is not the right term to describe the increasing poverty of educated people in a society and the increasing wealth of people that just speculate but do not contribute to the society. We should rethink the whole salary system and pay for instance a lot to teachers, politicians and doctors and much less to services like advertising, movies or the whole financial world that do not contribute directly to the well-being of a society. We lost all feeling about the real value of things and services. Everything got out of control with a lack of transparency in the financial world.

How did the economic crisis, which started in 2008, influenced the situation of protesters?

I think that the global protests take place against the established system of corruption, nepotism and a big difference of middle-class

people and top class. Part of the low middle class has become poor because of the crisis. People are furious about the financial business in general. Financial economy has become more important than industrial economy. We speculate, but we do not progress anymore.

Which demands of the protesters on Wall Street - in economic terms – you found the most important?

I agree with the lack of transparency they criticize and I am against speculation the way it take place today. It is very dangerous!! We just have to see how we suffer because of a crisis provoked in 2008 and how the prices for groceries are increasing although the demand does not surpass the offer.

If you could compare the situation of protesters in Europe with the situation of the protesters in the United States - what would be the common denominator, and what would be the biggest difference?

In Europe we try to maintain our social system and the social guarantees as free health care system etc., in the States the protests are more related to Wall Street and banks. We also talk in Europe about corruption and a lack of transparency on where the public money is spent. In the US they criticize and focus on speculation and the “Wall Street System.”

You live in Spain. Recently we read about intensifying evictions, unemployment among young people still remains at a high level. What do you think, as an economist, was the biggest mistake of the Spanish in case of this situation?

The biggest problem in Spain is the lack of confidence in democratic processes and the missing rigidity to pursue violations of existing laws. There is no transparency, neither in the management of the monarchy, nor in the spending of public funds. A big problem as well is the shadow economy. The controls do not work. There is no coherent action of politicians or entrepreneurs. In the end a lot of independent institutions are serving economic and political interests.

What could be solutions for the future of countries such as Spain or Greece?

The way out of the crisis for Southern Europe is to take democracy and its obligation more in account. To make the distribution of public funds more transparent so that people are willing to pay taxes and do not evade fiscal obligations. The judicial branch has to be more independent; organized crime has to be pursued more severely.



THERE DOES NOT EXIST PURE CAPITALISM,
THERE DOES NOT EXIST A FREE ECONOMY.
EVERYTHING IS BASED ON PERSONAL INTEREST

Protesters say that the system in its current form is an anachronism and that we face big changes. How to change the economic system in order to suit the current needs of society? Is there, in your opinion, an alternative to capitalism in its current form?

I believe very much in systemic change to a system that considers more the well-being of the whole of society like promoted by Christian Velbert from Austria. We have to rethink the redistribution of money and responsibilities; and change the role of the state in the whole system. But the consumers and all citizens have to participate in this process. We cannot blame others, we have to change things if want them to get changed. I think we are in a process of redemocratization. Up to now we played to be democrats, now we have to be them.

I would like to invoke the famous thought of Ludwig van Mises, who said that a feature of modern capitalism is mass production of goods for consumption by the masses. As a result, in his view, it systematically improves the standard of living of the masses. According to this conception capitalism promotes an ordinary man and elevates him to the status of “bourgeois.” What are in your opinion the greatest achievements of this system?

There does not exist pure capitalism, there does not exist a free economy. Everything is based on personal interest. Not the best company is winning, not the best politician. The state intervenes not for the good of the society but just because the government depends strongly on the banking system, their money deliverer. The state debt is so big, that democracy and free economy cannot work properly anymore. In a purely capitalistic system the banks would go bankrupt if they did not calculate their risk well enough. Companies should

not threaten government with cutting jobs and by lobbying; the way we know it should be forbidden. There is no alternative to a money based system, with salary differences and different social classes. Communism is not possible in a democratic system.

What is the biggest drawback of capitalism that strikes at the heart of social equality and egalitarian distribution of income?

The weakness of capitalism is that it needs a strong regulation that considers the well being of the society and not of some companies. But the state cannot intervene. Like Adam Smith proposed the state should offer the conditions, and these legal conditions should be the frame of the economy, respected by everyone, but then it should be like an invisible hand. Subsidies, a too strong welfare state and a complex bureaucracy and fiscal system just hinder the well-being of everybody. The best social policy of a state is to set the conditions so companies can create jobs, but sustainable jobs. People should be properly paid. And the syndicates have to concentrate on their main task: to guarantee the rights of workers. They should work in their interest and not in the interest of political parties.

How do you relate to the concept of the citizen's income/basic income guarantee?

I think it is good to fix a minimum wage and to fix a maximum wage too.

What other economic solutions to reduce the problems of precariat and precarity in the future would you propose?

I propose to distribute wealth better, on the whole planet. To do that we have to accept that luxury and wealth is limited, we have to stop living as there were unlimited resources on this planet, we have to reconsider our role in society and governments should re-enforce citizenship.

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