What does the euro mean for the working class?

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January 1, 2002 saw the introduction of the euro as a fully functioning currency in 12 of the European Union's 15 member states.

The sheer scale of the project makes this a monumental change. Fifteen billion individual euro notes and 52 billion coins were produced for distribution. Placed end to end, the new notes would stretch to the moon and back two and a half times. The cost of the changeover is estimated at between 19-50 billion euro ($17-45bn), or about 323 euro ($290) for every taxpayer in the euro-zone, according to Wim Duisenberg, President of the European Central Bank.

The euro has been around for three years as a virtual currency. Stock and bond trades, bank transfers, credit card and other electronic transactions as well as international commerce have been conducted in euros since January 1, 1999. From this day, prices in the 12 euro-zone countries have also been displayed in euros, alongside those of the relevant national currency, which will be completely withdrawn from circulation within the next two months.

But the change is not merely symbolic. The euro is now a physical means of exchange for 300 million Europeans in Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

The small European states of San Marino, Monaco and the Vatican have all adopted the euro, along with Andorra, Kosovo and Montenegro. Also directly affected are the former colonial possessions of the various European powers. In total, 40 countries—representing one in five of the world's nations—have either adopted the euro or have tied their own currency to it. The Eastern European states that have applied for EU membership—Poland, Hungary, the Czech Republic, Latvia and the Baltic republics—as well as Malta and Cyprus will also shortly adopt the euro. The single European currency could eclipse the dollar as a means of international exchange, or at least provide it with a significant rival.

Britain, Denmark and Sweden are the only EU members not to have adopted the euro, but it is already functioning widely in these counties as a parallel currency. Many top retailers in these three states now accept the euro in their outlets and most high street banks are offering cheque accounts and mortgages in euros. Trade and tourism means euros will flood into Britain. The Labour government expects British people to make 40 million visits to the euro-zone in the next 12 months, while 13 million tourists from the euro-zone will spend over £4 billion in Britain each year. Most economists believe that Britain's eventual adoption of the euro is inevitable. Europe Minister Peter Hain said he doubted that the pound could survive in parallel with the new currency, and that Prime Minister Tony Blair would hold a referendum on adopting the euro well before 2006, the end of Labour's present term in office.

The introduction of the euro will have a profound impact on all aspects of economic and political life. It poses the working class with the urgent necessity of defining its own independent standpoint, as opposed to the pro- and anti-euro camps within the European and British ruling class.

Only the most hidebound nationalist would refuse to recognise that there are many aspects of the new currency that are both rational and objectively progressive. Anyone who has been charged exorbitant fees for obtaining foreign currency from travel agents, banks and bureaux de change can probably sympathise with Arthur B. Laffer, when he wrote in the December 31 *Wall Street Journal*, "The era of balkanized monopolies spewing heterogeneous paper spray—painted with portraits of the least attractive people known to have ever lived is over. Tomorrow, there is only one European currency. Long live the euro."

But the shift to the euro raises more fundamental issues than merely the convenience of having to make fewer currency transactions. The European bourgeoisie has been forced to recognise that the nation-state no longer constitutes the essential and fundamental unit of economic life. In the epoch of globalisation, not just trade, but the very process of production is organised with little or no respect for national borders. As such, the concept of national currencies has come to be viewed by the more farsighted representatives of the European bourgeoisie as an obstacle to the more rational and therefore efficient organisation of the economic life of the continent.

From this standpoint, those forces leading the opposition to the euro constitute hardened reactionaries, who are seeking to reinforce the archaic division of the world into distinct national entities. The No camp in Britain is headed by the Conservative Party and the media baron Rupert Murdoch (who has supported Labour at the last two elections). The *Telegraph*, the Conservative Party's house organ , epitomised the type of stygian muck that these elements seek to stir up in its own editorial, "Queen and Currency." The article referred to the "earlier Elizabethans... distinguished by their towering self-confidence. They believed that England was the greatest country on Earth, and trusted that God would send her victories. We newer Elizabethans, by contrast, have largely abandoned this sense."

Concern for Britain's national independence amongst these layers is tied up with questions of foreign policy. They oppose European integration in favour of an orientation to the United States, and fear that adoption of the euro may hinder or undermine Britain's ability to cut social expenditure and corporation taxes below those presently existing in Europe, and so lose the ability to provide a tax haven and cheap labour production platform for the global corporations. This is epitomised by the editorial line of Murdoch's *Sun* tabloid, which warned, "If Britain joined the euro, we would be a tiny cog in the political union Europe is creating. No matter what No 10 [Downing Street, Blair's official residence] says, the harsh reality is that this would happen over a period of time. We would end up an impotent and uninfluential nation, just one voice among the many. Men like US Secretary of State Colin Powell would not bother with Downing Street — they'd deal with Brussels direct. That's what losing sovereignty means."

In Italy, the rightwing coalition government led by media magnate Silvio Berlusconi has seen the resignation of its Foreign Minister, Renato Ruggiero, because of hostility to the euro from others within the government. Defence Minister Antonio Martino had warned that the euro project could end in failure, "given the way it was introduced," while Reforms Minister and head of the separatist Northern League, Umberto Bossi, said he "doesn't give a hoot about the euro." Bossi recently described the EU as "a conspiracy" run by communists "big business and freemasons, and infested with paedophiles."

These layers are expressing their instinctive opposition to anything that threatens to undermine the nationalism and xenophobia they use to divide and weaken the working class. If British workers, for example, are able to easily compare their living standards with those of working people on the continent, they would soon recognise how badly they are treated with regards to wages and social conditions, and the more they will be objectively encouraged to view their own fate as being tied with that of their European brothers and sisters. In this regard, it should be noted that one of the positive aspects of the introduction of the euro is that it has exposed the extent of price-fixing by the major retailers and manufacturers. Everything from cars, to clothes and CDs costs about a third more in Britain than on the continent.

However, whilst a single European currency is in itself a progressive concept, it being developed by, and in the interests of the bourgeoisie.

The mere creation of a common currency does not provide the basis for the harmonious development of economic life across the continent. The capitalist class is organically incapable of overcoming the fundamental conflict between globally organised production and the division of the world into antagonistic nation states. On the contrary, within the framework of the Single European Market, competition between the rival powers of Europe for continental hegemony will continue and deepen. The anti-euro wing of the British bourgeoisie, for example, has made it patently clear that it views the euro as a mechanism for ensuring German domination of the continent.

What has brought the governments of Germany, France and the 10 other states together at this point is their pressing need to elaborate a joint strategy for trade war against the US, and the pursuit of a social and economic offensive against the European working class.

The political and financial elites in Berlin, Paris et al argue that a single currency will boost competition and promote structural reforms, in order that European capital can compete more effectively against its rivals. It was conceived as a logical extension of the Single European Market, which eliminated barriers to investment and trade within Europe. The creation of a common currency will make it easier for European companies to raise capital, transfer production to areas with lower tax and labour costs, to merge into larger and more competitive units and to raise funds from the euro bond and security markets. In turn, this will, they hope, make national governments exercise what is euphemistically called "fiscal discipline" and even strive for "tax harmonisation" throughout Europe. What this means in practice is that each national government must cut business taxes, either shifting the tax burden onto the backs of working people, and/or cutting back and eliminating vital social programmes. The other demand from the boardrooms of the major corporations and finance houses has been for the elimination of whatever minimal labour legislation presently exists, so that wage levels and the cost of hiring and firing can be lowered, and capital mobility increased.

There has already been a certain levelling down of workers' economic conditions, but this has not gone far enough for big business and its political representatives. They complain that since the euro was first introduced in 1999, European productivity has continued to lag behind then US and the currency has lost 24 percent of its original value against the dollar. This must now change.

The launch of the euro as a fully-fledged currency will step up the demands from big capital for the implementation of further major economic "reforms". Far from the fears of the Tory right that Europe will hinder Britain's own efforts to slash workers' living standards and boost corporate profits, it is more likely that Britain will set a benchmark for Europe to follow.

Earlier this year, for example, Blair's policy guru Peter Mandelson praised the euro and the Single European Market, insisting, "Prosperity depends on creating the most favourable environment for business to invest... Europe needs the stimulus of more open product markets, a truly integrated capital market and a more flexible labour market."

The *Wall Street Journal* praised the introduction of the euro in a January 2 op-ed piece, which noted that until now, "The continental Europeans have failed to reform their burdensome welfare states and sclerotic labor markets." In contrast, they insisted, "Europe is breathtakingly bold this week... Margaret Thatcher once famously remarked that Jacques Delors, the head of the European Commission, was attempting to introduce 'socialism by the back Delors.' It would be going a little too far to claim that the architects of the single currency are trying to introduce Thatcherism by the back door; but the effect might be the same.

"The continent's leaders are hardly economic liberals. But there is a general acceptance that Europe needs a more flexible business environment to compete with America. The continent's politicians have little confidence in persuading their populations to give up their cherished social and labour rights willingly. So they are hoping that the single currency will do the work for them."

Britain's *Financial Times* entertained similar hopes for the euro, urging politicians to go for balanced budgets, structural reforms, economic flexibility, cuts in pensions and social measures to force people into low wage employment.

The very nature of the political agenda underlying the euro militates against any form of democratic control being exercised by working people. The one genuine element of concern cited by those who oppose the euro, is the absence of accountability. Beholden only to big business and the political elite, the European Central Bank will determine many aspects of fiscal and monetary policy, without even the semblance of a popular mandate. However, the same criticisms could be levelled at the existing political and monetary arrangements throughout the EU.

Workers cannot oppose the political and economic dominance of the bourgeoisie on the basis of the type of nationalism and protectionism that underpins the opposition to the euro, any more than they can turn their faces, Canute-like, to the reality of economic globalisation. Rather, the workers' movement needs to adopt a new political perspective that is based on the economic reality of the worldwide organisation of production, distribution and exchange.

To the extent that the bourgeoisie strives to organise itself internationally, this has served to underline the impotence of the old nationally based strategies of the reformist parties and trade unions. The class struggle today must be conceived of internationally. What is required is the organisation of the working class throughout Europe in defence of its living standards and democratic rights, and in pursuit of a United Socialist States of Europe, in opposition to a capitalist Single European Market. Above all, this requires a resolute struggle against all the efforts of the nationalist or Euro-chauvinist politicians to pit workers in one European country against each other, or the workers of Europe against those in the US, Japan and the world.