

Europe in crisis

Editorial of the Gleichheit, journal of the SEP, Germany

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The following is the editorial of the July-August edition of Gleichheit, the magazine of the Partei für Soziale Gleichheit (Socialist Equality Party) of Germany. The periodical contains a selection in printed form of articles posted on the World Socialist Web Site.

Sixty years after the end of the Second World War, the European Union finds itself in a deep political crisis. The collapse of the EU finance summit in Brussels in June and the subsequent invective by government heads on all sides was more than just the routine quarrelling that has occurred throughout the history of the EU and its predecessor organisations. The entire project of uniting Europe on a capitalist basis has reached a dead end from which there is no escape.

Three factors play a role.

Globalisation has fundamentally undermined the prospect of levelling out, even to a limited extent, regional and social extremes within the EU. Under conditions of global competition from cheap-labour and low-taxation countries, European capital can no longer afford the funds for agricultural subsidies, regional development and similar aid packages, not to speak of a welfare system based on tax revenues and employer contributions. That British Prime Minister Tony Blair characterised agricultural subsidies, which account for more than 40 percent of the EU budget, as “senseless” is a graphic expression of this fact.

However, these payments cannot be ended without bringing about the collapse of the entire, carefully balanced set of social and political arrangements developed in the European countries since the Second World War. The consequences would be not only internal political crises, but also an increase in the aggressive assertion of national interests. The French Gaullists, the Italian Berlusconians, the British Labourites as well as the German Social and Christian Democrats, in spite of their lip service to Europe, will fight to defend their own national economic and political interests, as soon as these are threatened.

The second factor is growing pressure from the United States. Since the war in Iraq, Washington has used its influence in Europe to sabotage the emergence of a rival on the world stage. This policy finds support from Great Britain, which sees the best means of defending its position against Germany and France by functioning as a junior partner to the US. Also willing to support the US are a number of the new EU member states in Eastern Europe, which fear German-French domination and above all, an axis between Berlin, Paris and Moscow.

Two years ago we wrote in this magazine: “For the Western Europeans to submit to the diktats of the United States would mean to accept their relegation, in the words of the conservative French daily *Le Figaro*, ‘into a simple protectorate of the United States.’ But to openly resist would raise the risk of a potentially catastrophic military confrontation with the United States. Either alternative, or even some middle road between the two, would profoundly destabilize relations among European countries. Moreover, the social consequences of conflict between the US and the ‘old’ Europe would inevitably intensify internal class tensions.” (See “How to deal with America? The European dilemma” by David North)

Since then, the dilemma for Europe has only intensified. Even in “old” Europe, more and more voices can be heard advocating closer ties with the US. The justification given is the challenge presented by the rapid economic rise of China and India, which means that the most powerful imperialist blocs can hardly afford a conflict with each other.

However, this is easier said than done. Powerful economic forces stand in the way of reconciliation with Washington. The United States lives increasingly at the cost of the rest of the world. Its balance of payments deficit in the first quarter of this year reached a new high of \$195 billion. That equates to a yearly figure of almost \$800 billion. In order to finance this, \$2 billion must flow into the US from the rest of the world every single day.

Even conservative economists have since warned of the explosive consequences of this development. One such person, Jeffrey Sachs from Columbia University, wrote in an article for the German *Süddeutsche Zeitung* newspaper: “In bizarre but not unexpected ways, America is now striking at others because of its own problems. The enormous reduction in taxes and increasing military expenditures have led to an exorbitant increase in imports and with that to a dangerous balance of payments deficit, which has added to the weak budget position of the US. American politicians are however laying blame on China and other countries due to ‘unfair trade’ and even threatening them with sanctions.”

That Europe also finds itself in the firing line of the US is logical. The continuing trade dispute between Boeing and Airbus is an unmistakable symptom. On top of this is the struggle over ever diminishing energy supplies, which are compounded by the increasing requirements of the Chinese economy, and which Washington is fighting to secure through military means.

The third factor contributing to the crisis in the EU is increasing

resistance by broad sections of the population to current social developments.

This resistance first emerged across Europe two-and-a-half years ago when millions took to the streets worldwide to protest against the Iraq war. Those European governments which, for their own reasons, disagreed with the Iraq war were able to use these movements for their own purposes. In Germany the Social Democrat-Green coalition government was re-elected following German Chancellor Schröder's announcement that Germany would not support the war.

However, the motives of the demonstrators were fundamentally different than those of the European governments. For the demonstrators, it was about rejecting war and militarism as a component of an economic environment dominated by the most powerful big business interests. For the governments, on the other hand, it was about defending their own imperialist interests against those of the US.

This resistance has since expressed itself further. In Germany, the SPD (Social Democratic Party) plans to hold federal elections ahead of schedule, after its voters and members deserted them in droves in state and regional elections in opposition to the SPD's pro-business agenda. The recent rejection of the European constitution in referendums in France and Holland expressed widespread opposition to the neo-liberal trajectory of the EU and anger with their own governments. It has become clear everywhere that the views of the masses are far to the left of those of official politics, represented by the broad spectrum of social-democratic and conservative parties.

Reacting to this development, official politics moves even further to the right. In Germany, the SPD has categorically rejected any suggestion of diverting from its program of social cuts—the Agenda 2010 program. A government of the conservative Union parties and the Free Democrats (FDP) would, in the case of an election victory, only intensify the attack on democratic and social rights. In France, Finance Minister Nicolas Sarkozy, who advocates a neo-liberal and America-friendly program, is being promoted as the successor to French President Jacques Chirac. British Prime Minister Tony Blair is using the crisis in Germany and France, as well as Britain's assumption of the EU presidency in July, as an opportunity to remodel the entire continent along lines already tested out in Britain.

During his opening speech at the European Parliament, Blair spoke of a "modernisation" of Europe. "The purpose of our social model should be to enhance our ability to compete," said Blair. The EU, he added, must "do away with some of the unnecessary regulation, peel back some of the bureaucracy and become a champion of a global, outward-looking, competitive Europe." Europe must become "an active player in foreign policy," not in competition with the US, but as its "good partner," said the British prime minister.

A glance at Great Britain shows the consequences of what Blair is proposing. There, lower wages—and not old age as in the 1950s and 1960s—is once again the main cause of poverty. More than one third of all households belong to the "working poor," meaning that, although they have employment, the income for these layers is insufficient to cover living expenses. At the same time, working

hours in Britain are the longest in all of Europe. More than one quarter of all children are officially classified as poor, one the highest rates for any of the industrialised countries. Corporate tax rates are among the lowest in Europe, while indirect taxes, which above all affect the working population, are among the highest.

At the same time, it would be foolish to believe that Blair's adversaries in the EU, whose spokesmen at the recent EU summit included Luxembourg President Jean-Claude Juncker, are opposed to this program. Blair's proposals received a warm response, above all in the German press. In actual fact, Germany and France have in the last years caught up a great deal to Great Britain regarding the reduction of corporate taxation, the introduction of cheap labour and the lengthening of working hours. Their main difference with Blair is on the issue of foreign policy. They regard the further integration of the EU as necessary in order to speak with one voice on foreign matters and to enable them to defy the US.

It is against the background of rising social tensions in Europe that the merging of the Election Alternative group (WASG) and the Party of Democratic Socialism (PDS, the successor organisation to SED, the ruling party in the former East Germany), with ex-SPD chairman Oskar Lafontaine at its head, must be viewed. This party, which is comprised of veteran social democrats, union bureaucrats and Stalinists, explicitly rejects a socialist perspective and is committed to the maintenance of capitalist forms of property. Lafontaine's answer to the crisis of the EU is a strong German-French dominated, capitalist Europe, which asserts its interests against those of the rest of the world.

The task of this organisation is to prevent and head off an independent political movement in the European working class. Its proposal to defend jobs and wages through the erection of a protectionist wall in order to defend one or more nations is not only ineffective, but also reactionary.

The Partei für Soziale Gleichheit (PSG), the German section of the Fourth International, is intervening in the elections with a program which is diametrically opposed to that of the WASG and PSD. We are standing candidates in four states in order to develop a discussion on an international socialist perspective. We are striving to pave the way for a mass political movement throughout Europe that opposes the capitalist system. Our goal is the United Socialist States of Europe.

The election statement of the PSD is central to this edition of *Gleichheit*, which also contains an analysis of the Lafontaine party and the political rise of the CDU chancellor candidate Angela Merkel. Other articles discuss the EU referendums in France and Holland, as well as the social and political crisis in the US. This edition concludes with a lecture on "May Day 2005: Sixty years since the end of World War II" by David North, the chairman of the *World Socialist Web Site*, as well as a contribution on the 200th anniversary of the German playwright Frederick Schiller.



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