Economic nationalism on the rise in Europe

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The economic tensions between Europe and the US, and within Europe itself, are intensifying in the run-up to the G20 summit to be held next month in Pittsburgh, Pennsylvania. Major European countries are responding to the financial crisis with protectionist trade policies and appeals to national chauvinism.

Every international meeting of finance ministers and heads of state over the past two years has featured pledges from all participants to refrain from economic nationalist measures in defense of their respective industries and banks. The last G20 summit, held in London at the start of April, issued such a statement, declaring the nations' determination to fight protectionism and develop new international regulations to oversee the financial markets.

What has taken place since the London summit, however, is a virtual free-for-all, in which individual nations—occasionally in a block with neighbours—have enacted nationalist measures aimed at securing the interests of their own domestic banks and business concerns.

The figures speak for themselves. According to the World Trade Organisation, the number of new investigations launched by national governments against dumping and other protectionist measures rose dramatically in both 2008 and the first half of 2009.

Trade conflicts between the US and leading European nations are heating up. At the start of this week, a German cabinet minister criticised a "buy American" provision adopted by the US Congress. "The big industrial nations should set a good example and refrain from erecting new barriers to trade," said Karl-Theodor zu Guttenberg, the German economics minister, who speaks for Germany's major banks and corporations.

Tensions are also growing over proposals to regulate the banks and finance houses. Since the start of the financial crisis, the German and French governments, in particular, have been waging a concerted campaign against Anglo-American domination of the world's financial markets.

On Tuesday, the German vice chancellor and leader of the Social Democratic Party (SPD), Frank-Walter Steinmeier, warned the British government to take tougher action against the City of London and impose stricter regulations on City traders. Steinmeier made clear that the German government would prioritise the issue in Pittsburgh.

The French government has also intervened in the dispute. A few days before Steinmeier's comments, French Finance Minister Christian Lagarde sought to deflect a scandal enveloping the French bank BNP Paribas—which plans to pay out more than a billion euros in bonuses to its leading employees—by blaming international banks.

Lagarde declared that BNP Paribas was forced to pay its executives exorbitant bonuses because of the lack of international controls. "What I find scandalous," Lagarde told *Le Monde*, is that certain foreign banks are dispensing with the G20 principles and thus gaining a competitive advantage by, for example, offering guaranteed bonuses." The "certain foreign banks" to which Lagarde was referring are first and foremost major US banks such as Goldman Sachs and JPMorgan Chase, which have awarded huge bonuses in recent weeks. Lagarde told *Le Monde* that she would raise the issue in Pittsburgh.

All of the criticism from France and Germany of the "excesses of the Anglo-Saxon model" is aimed at creating the conditions for Paris and Berlin to emerge as leading players in a revised global financial order. Already in June, French President Nicolas Sakozy said that the financial crisis had weakened the City of London and declared, "La Défense (the financial district in Paris) intends to take over."

For his part, the Conservative Party mayor of London, Boris Johnson, made clear that he will resolutely defend Anglo-American financial interests—in particular, the hedge fund industry. Johnson told a business conference in London in July: "It's utterly crazy that we should allow the EU (i.e., France and Germany) to launch an attack on the City's alternative investment funds ... Hedge funds won't go to Paris or Frankfurt, they'll go to New York or Shanghai. What is good for London is good for the UK, and what is good for London is good for Europe."

The most pernicious role in this outburst of protectionism and nationalism is being played by the Social Democratic and nominally Communist organisations in Europe, in alliance with the trade unions. These parties and unions, in turn, have the backing of a host of petty-bourgeois "left" organisations.

In the US, Democratic congressmen were amongst the loudest calling for a "Buy American" clause in the Obama administration's economic stimulus package agreed earlier this year, and American auto and steel trade unions have been the most virulent advocates of new tariff measures to prevent Chinese products from entering the US market.

In Germany, the SPD, which is part of the grand coalition government, has just issued its own nationalist "Germany Plan" for the benefit of German corporations and banks. Seeking to outdo its conservative coalition partners in the run-up to national elections in September, the SPD election platform mentions the word "Germany" no less than 146 times.

As trade conflicts sharpen between the major powers, the European trade unions play a thoroughly treacherous role, siding with those sections of finance capital which offer the respective national labour bureaucracies the best chances of advancement. In the current conflict over the future of the GM-Opel auto company, for example, the German unions are backing the bidder who promises to cut the most jobs in European countries other than Germany.

For their part, the British unions are supporting a rival bid which would shed the most jobs in Germany. The British trade unions have the full backing of the Labour Party for their chauvinist campaign.

When building unions, carrying placards demanding "British jobs for British workers," conducted chauvinist strikes earlier this year against the employment of Portuguese and Italian workers, British Prime Minister Gordon Brown defended his own advocacy of the same slogan two years earlier.

The pattern is the same in one European country after another. In the wake of the financial crisis, national governments are rushing to implement protectionist policies at the behest of international banks and multinational companies that are based in their respective countries. The defence of the profits of the leading banks and corporations and the fortunes of the bankers and CEOs has become the single-minded goal of every government across the globe. Every aspect of domestic policy is subordinated to this aim.

The inevitable consequence of the nationalism of the labour and trade union bureaucracies is an intensified onslaught on the living standards of the working masses in every country. At the same time, the resurgence of protectionism inside Europe strengthens centrifugal forces that threaten to tear the continent apart.

The reemergence of the political phenomena—trade war, colonial war and "beggar-thy-neighbour" economic nationalism—which many thought were peculiar to the first half of the twentieth century—is the surest sign of the crisis and decay of the capitalist system. There is no national solution to this crisis. The only alternative to the growing dangers of chauvinism, war and mass poverty in Europe is the socialist reorganisation of society through a revolutionary struggle of the working class for the establishment of the United Socialist States of Europe, as part of the fight for the international unity of the working class and world socialism.

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