The struggle against the EU's financial diktats is a class issue

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Before and during the recent EU summit, the conflict between Europe's governments assumed an extremely sharp character. At the start of the deliberations of the European leaders in Brussels last Thursday, Stefan Kornelius wrote in the *Süddeutsche Zeitung*: "Germany is going through its worst foreign policy crisis in decades."

The row flared up over whether or not the European Union should hold out the prospect of financial assistance for Greece. EU Commission President Jose Manuel Barroso expressly called for an EU-assistance programme, in order, as he said, to prevent a financial disaster with unpredictable consequences. As a former president of Portugal, he spoke in the interests of the governments in the southern European countries, which like Greece are threatened with national bankruptcy.

Germany's Chancellor Angela Merkel (Christian Democratic Union, CDU) spoke out strongly against this position, warning against a softening of the Maastricht criteria, which stipulate that a country's budget deficit cannot rise above 3 percent of gross domestic product and that its total national public debt cannot exceed 60 percent of GDP. In the face of the international economic crisis, all governments must uphold strict financial discipline, Merkel stressed. She demanded that the Greek government unconditionally adhere to the austerity measures it has adopted.

In taking this hard-line stance, Merkel and the German government are responding to a fundamental economic dilemma. Any EU aid package for Greece would call into question the EU Stability Pact, increasing pressure on the euro. The value of the euro has fallen by about 20 percent against the US dollar from a peak of $1.60 in the spring of 2008.

The refusal to offer European funding, however, involves no lesser dangers. It could trigger sovereign defaults in Greece, Portugal and Spain, accelerating the collapse of the euro even further.

This dilemma is directly related to the fact that despite the existence of the European Union, despite the Single Market, the abolition of customs duties and border controls, and despite the introduction of a common currency in 16 of the 27 EU members, the various European nation-states still exist, and all important decisions are taken at a national level.

Under conditions of economic growth and prosperity, the majority of European governments were able to profit from the EU, the euro and Single Market. But faced with the economic crisis, conflicts between the states are intensifying. Germany, which long supported the expansion of the EU with large financial contributions, because it benefited from it economically, is now using its economic power to dictate drastic social cuts and austerity measures.

The recent Brussels summit decided that the EU would not provide direct financial aid for Greece. Only *in extremis* would it support measures taken by the International Monetary Fund through so-called bilateral aid from EU countries. This decision was directly determined by the interests of European and international finance capital. It was made abundantly clear to the Greek government that it must enforce the planned austerity measures against growing popular resistance. It was made equally clear to Barroso that this also applies to Portugal, Spain and Italy.

A signal was sent out to the financial markets, that if a state faced insolvency—the *ultima ratio* (last resort), as Merkel termed it—then the profits of the European and international banks would not be endangered, but would be protected by an international rescue programme. However, such a rescue package would itself be bound up with the need for governments to impose drastic conditions.

Rarely before has the European Union so nakedly revealed its true character as a tool to enforce the dictatorship of the European banks, with Germany—the strongest representative of European capitalism—setting the tone and dictating the terms.

In the past, the EU had advocated the peaceful and harmonious unification of Europe. But the economic crisis has cut the ground from under this propaganda. As at the beginning of the last century, so today, the unification of Europe under capitalism is a reactionary utopia. As in 1914 and 1939, it means the strongest European power dominating all other states on the continent.

A few months before the Nazis came to power in Berlin in the autumn of 1932, Leon Trotsky summarized the historic crisis of Europe and the special role of capitalism in Germany with the following words: “If the economic evils of our epoch, in the last analysis, result from the fact that the productive forces of humanity are incompatible with private ownership of the means of production as well as the national boundaries, German capitalism is going through the severest convulsions just because it is the most modern, most advanced, and most dynamic capitalism on the continent of Europe.”

Squeezed into the narrow confines of the European nation-state system, German big business is once again trying to dominate the economy of Europe.

This offensive is meeting with opposition. Last week saw sharp attacks on Germany from politicians of smaller nations, who accused Berlin of ruthlessly exploiting its economic advantages and of pushing other European countries into taking on debts from which the German banks would benefit the most.

At the same time, the trade unions and their related organizations, such as SYRIZA in Greece, are playing a leading role in spreading nationalist propaganda. On the last day of action, they called for a boycott of German goods. Such appeals serve primarily to help them cuddle up to their own government and to suppress a joint struggle by European workers.

The working class must reject these initiatives and nationalist attacks. Anti-German nationalism is no better than German chauvinism; they are two sides of the same coin. The equally bloody and tragic consequences of this policy are all too familiar in Europe.

The struggle against the EU’s financial diktats is not a national question but a class issue.

To fight back against the draconian austerity measures, which the Papandreou government wants to enforce on behalf of the European banks, Greek workers must join together with their German colleagues and all other European workers. During the dictatorship of the colonels in the 1960s and 1970s, many workers came from Athens, Thessaloniki and other parts of Greece to find work in Germany and other European countries. Many still have friends and acquaintances from this time in a number of countries.

These international ties must now be deepened and developed on the basis of an international socialist programme. Such a programme must start from the fundamental principle that the workers in every country are not responsible for the economic crisis and its impact. The claim that there is no money is a lie. For years, the ruling elite in each country has plundered the wealth created by the working class and has enriched itself further through the destruction of social conditions.

To solve the crisis, it is necessary to break the power of the financial aristocracy. This requires the expropriation of the banks. In order to finance production and trade, private ownership of these vast financial resources must be abolished, and they must be placed under the democratic control of working people. This calls for a struggle against the reactionary and cowardly politics of the unions and their petty-bourgeois lackeys, which is sabotaging any serious fight against the international banks.

The working class must not allow the Balkanization of Europe. It must take up an international struggle for the establishment of workers’ governments and the United Socialist States of Europe.

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