

Merkel's trip to China

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The trip last week by German Chancellor Angela Merkel to China was an acknowledgement of Asia's rising role in world affairs, and of the growing difficulties in Berlin's relations with its traditional allies, the US and Western Europe.

Merkel headed a delegation consisting of German industrialists and figures from across the German political establishment, also stopping in Russia and Kazakhstan. The delegation included the chairman of the German Federation of Trade Unions, Michael Sommer, and André Brie, a leader of the Left Party and member of the German Steering Committee of the Petersburg Dialogue Group. That group was set up in 2001 by former Chancellor Gerhard Schröder and then-Russian President Vladimir Putin to promote German-Russian relations.

Merkel's trip came amid a shift by the ruling class internationally towards drastic austerity measures—agreed upon at last month's G20 summit, and perhaps best represented by the massive social cuts of UK Prime Minister David Cameron. While Merkel demanded this policy, it poses major challenges to German foreign policy that underlie German imperialism's new assertiveness on the world stage.

The austerity policy means gutting the living standards of the working class in Europe and the US, undermining Germany's traditional export markets. While the German ruling class has no qualms about impoverishing the workers, it must fight to defend its export markets; nearly half of Germany's Gross Domestic Product (GDP) is exported. Developing relations with the growing, cash-rich regions of Asia is therefore a major task for German capitalism.

At the same time, Berlin's traditional alliances are increasingly strained, particularly with Washington. US-German relations were already undermined by the US war against Iraq, US support for the Georgian attack on Russia in 2008, and the ongoing debacle of the US-led

NATO occupation of Afghanistan. However, further sharp differences emerged with Washington over the timing of austerity measures during the Greek debt crisis, and US President Barack Obama's public criticisms of Germany for not importing more goods from abroad.

In the course of its visit to China, the German delegation secured billions of euros in new contracts for leading German corporations: Daimler Benz, Siemens, BASF, and Volkswagen.

Merkel urged China to further open its economy to German exports: "Chinese companies, like those of many other countries, enjoy very good access to the German market. We hope that German enterprises can enjoy the same access to the Chinese market," she said. Merkel added that China's market was not sufficiently open to German exports to be considered a market economy.

In addition to expanding trade links, China is playing an increasingly important role in European financial markets, helping finance European governments targeted by financial markets. China has purchased large stakes in Greek port and public infrastructure, and is considering further acquisitions. Moreover, after the June meeting of G20 finance ministers in Busan, South Korea, China bought up large quantities of Spanish bonds.

Chinese premier Wen Jiabao emphasized that China would continue its financial support for the euro.

The London-based *Financial Times* commented, "During most of the past 20 years, Europeans have assumed the US is the key source of power in global finance. However, the Busan episode shows how this is now shifting, and applies beyond the eurozone."

Public statements by the two heads of state increasingly took the form of a joint rebuttal of US criticisms of China and Germany. Commenting on the strength of the two countries' export industries, Wen

said that “China and Germany should be acclaimed and not accused” for their economic policies. Merkel added, “Germany is proud of its competitiveness.”

In addition, both leaders stressed they would implement budgetary policies aimed at maintaining debt levels at their existing level—i.e. at limiting spending.

Germany’s leading financial newspaper, *Handelsblatt*, wrote, “Combined criticism from Washington now gives both China and Germany a good reason to close ranks.” The paper added that the US criticisms were one reason why Merkel received such a fulsome welcome in Beijing.

These rising tensions are a stark warning to the working class. The inter-imperialist struggle for markets and strategic influence, on the basis of the impoverishment of the workers, led to world war in the 20th century—in which the criminal policies of the German ruling class and its drive to expand to the east played a major role. As the imperialist occupations of Iraq and Afghanistan wear on, and there are renewed threats between the major powers, the political struggle against war is a major task facing working people.

At the same time, the stage is being set for an explosion of class conflict in China and in Europe. As is well known, the economic prowess of China entails the most ruthless exploitation of the working class. The European ruling class is trying to enormously increase exploitation at home, through austerity policies that aim to eliminate the welfare state.

In that sense, DGB union leader Michael Sommer’s role was particularly significant. He took part in talks with China’s state-run unions and, according to *Tagesschau*, concluded they were on “a good path.” This is not the opinion of masses of Chinese workers who are striking and demanding independent representation in low-paid automobile and electronics factories—or of workers striking against layoffs, wage cuts, and social austerity in Europe.

Confronted with the danger of growing conflicts and a renewed offensive by the banks and international bourgeoisie aimed at driving them deeper into poverty, the Chinese, European and American working class require their own independent socialist strategy based on the building of a new international party.

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