

The Irish bailout and the necessity for the United Socialist States of Europe

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The bailout of Ireland by the European Union and the International Monetary Fund makes clear that society confronts a disaster if the international banks are allowed to continue their plundering of national treasuries and dismantling of social welfare systems built up over decades.

The financial rescue package has exposed the role of every European institution and national government as the servant of a global financial aristocracy. Not a single government, nor a single parliamentary party is either willing or able to check the ever-expanding power of international finance capital.

In May of this year, following a concerted campaign by major banks and rating agencies to downgrade Greek debt and drive up the price of Greek government bonds, the EU and the IMF intervened to arrange a €110 billion bailout of the country. Tax payers were assured by European politicians and the media that Greece was a unique case and there would be no similar bailout of another country.

Now, barely six months later, a comparable sum, ultimately to be repaid by the tax payers, has been allocated by the EU and IMF following another destructive campaign by international bankers and speculators to downgrade Ireland.

Having secured hundreds of billions from national governments to cover their bad gambling debts, the financial plutocrats are now dictating the terms of the most punitive austerity programs to be imposed in the history of post-war Europe. The details of the Irish budget are to be announced today, but the cuts to jobs, living standards and welfare rights dictated to the government by the banks will be unprecedented. One European Commission source described the austerity measures being drawn up for Ireland as the “Oliver Cromwell package,” a reference to the English lord

protector whose army ravaged Ireland in a brutal campaign of re-conquest in 1649.

The financial elite take no hostages and are not prepared to accept even the most meager measures aimed at reining in their profits. Top bankers reacted with fury when the German government, backed by France, made the timid proposal a few weeks ago that the banks and major creditors shoulder some of the costs of a future bailout. The chairman of Deutsche Bank denounced the German plan and undertook a European-wide tour of board rooms and political institutions aimed at torpedoing the proposal.

The German government beat a hasty retreat and declared that any requirement for payments by the banks would be put off until 2013 at the earliest. There are no provisions in this week’s bailout of Ireland for the banks or big bondholders to suffer any losses.

With their latest international offensive, the banks have upped the ante. Not content with retrospective bailouts, they are demanding that governments set aside huge new funds to underwrite a new round of financial speculation.

Commenting on this process, the *Frankfurter Allgemeine Sonntagszeitung* noted: “The financial crisis has come round to where it all started: the banks. And they have grown cheekier. While Lehman had to go bust to prove the need for tax payers to bail out banks, potential crises are now to be ‘preempted’ by EU taxpayers. Thus the banks will not be held liable for the risk—to cover which they charge abundant interest—that a calamity will occur and a major debtor will default.”

Having ravaged the economies of Greece and Ireland, the financial mafia is moving on to new pastures. With the ink barely dry on the Ireland deal, the markets have stepped up pressure on the bonds of their next likely

victims—Portugal and Spain.

Governments across Europe have reacted by spreading the poison of nationalism in order to deflect from their own complicity and divert attention from the calamitous social consequences of their austerity measures. They seek thereby to prevent a unified international response by the working class. In a series of European countries, ultra right-wing, racist and anti-Islamic organizations have been brought into government to stoke up national chauvinism.

In Ireland, the Fianna Fail government led by Brian Cowen has faced denunciations from parties across the political spectrum deploring its “sellout of Irish national sovereignty.” These very same parties have made clear their full support for the bank-dictated austerity measures.

The class interests underlying the official invocation of national sovereignty is exemplified by the focus of the government and opposition alike on preserving Ireland’s 12.5 percent corporation tax—a policy dictated by the interests of capital and insisted upon by US corporations in particular. It is clear that the Irish government, with the backing of the nominal opposition, secured from the EU and the IMF a continuation of the low corporation tax by offering to impose even more brutal attacks on the working class.

Ultimately, the opposition parties are animated by a belief that, being once-removed from the crimes of Fianna Fail and the Greens, they are better placed to impose the social cuts being demanded.

The leading role in this orgy of chauvinism is played by the trade unions and their apologists in the middle-class pseudo-left organizations, which at every point in the crisis have sought to defuse and divide massive popular opposition to the cuts and facilitate alternative strategies for implementing the program of the banks. The German, French and British trade unions have not lifted a finger to support fellow workers in Greece and Ireland, while the Irish trade unions took the unprecedented step of agreeing to a four-year ban on strikes, a pay freeze and thousands of job cuts in order to stabilize Irish capitalism.

Working people must decisively reject the nationalism and chauvinism being whipped up by bourgeois governments to shield the financial elite. Workers and youth across Europe and internationally have demonstrated their willingness to fight, but these

struggles can be successful only on the basis of a break with Europe’s social democratic parties, the trade unions and their fake-left allies. The conflict is not between the Irish, the Greeks, the Germans, the French and the British, nor between the Europeans and the Americans, but between the international working class on the one hand and finance capital and its political lackeys on the other.

The only alternative to a future of poverty, dictatorship and war is the unification of the European working class on the basis of a revolutionary socialist program, including the confiscation of speculative profits, a radical revamping of tax systems to increase the burden on the rich and provide relief for working people, the repudiation of national debts, and the expropriation of the banks and major corporations and their transformation into publicly owned enterprises under the democratic control of the working class.

The progressive unification of Europe is possible only in the form of the United Socialist States of Europe. The International Committee of the Fourth International (ICFI) is the only political organization worldwide which advances such a perspective. We call on working and young people to read and support the *World Socialist Web Site*, study the policies and programs of the sections of the ICFI, and join and build the world party of socialist revolution.

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