Germany contemplates “nuclear option” for Greece

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Amidst an escalating economic crisis in Greece, sections of the German media and political establishment have focused on the prospect or necessity of driving the country into bankruptcy. Leading German industrialists and economists have argued that Greece should either withdraw or be thrown out of the eurozone.

This campaign peaked in Germany with the June 20 edition of the news magazine *Der Spiegel* which featured on its front cover a photo montage of a euro coin draped in black and perched on a coffin. The headline read, “Suddenly and Expected”. Having announced the death of the euro, *Der Spiegel* goes on to describe the joint currency as “Europe’s Greatest Threat” in its online edition. The article concludes with two scenarios for Greece.

The first scenario, described as a “radical cure”, involves Germany refusing any further financial aid for Greece. This would lead to insolvency, with the country unable to borrow money on the international markets. A large proportion of the country’s banking sector would collapse, leading to a probable chain reaction, involving the crash of banks in a series of other ailing euro-zone countries.

The article then describes the second option for Greece as a “nuclear option”. The magazine writes: “In light of these incalculable developments (see above), many are now considering the nuclear option as a real alternative: Greece withdraws from the monetary union and reintroduces the drachma. The government in Athens was already toying with the idea weeks ago, and now even internationally respected economists are recommending it.”

Speculation of a European Union without Greece has also been accompanied by discussion of the complete break up of the European Union. At the start of this month, Germany’s most prominent conservative newspaper, the *Frankfurter Allgemeine Zeitung (FAZ)*, published an opinion piece under the title “Back to the Nation”. The author began his commentary by praising the European Union as an admirable attempt to overcome the nationalism that had ravaged Europe in two world wars in the first half of the 20th Century.

Nevertheless, the author continues, the EU has since proven to be a bureaucratic monster which is increasingly infringing on the democratic rights and traditions of individual nations. The journalist ends his comment by declaring, “There is only one way forward for Europe, back to the nation, back to democracy”.

In recent weeks, the FAZ has published additional articles implying that, due to its rapidly growing trade with Asian countries and declining involvement with Europe, Germany could survive and even profit from detachment from (or a collapse of) the European Union.

Such ruminations on the breakup of the European Union are not limited to the German press. A number of recent reports in the US and British press have made clear that not only French and German banks would lose out in the event of a Greek default. In addition to their direct investments in Greek government bonds, many Anglo-Saxon banks also hold large caches of credit default swaps, which would immediately be at risk should Greece default on its loan repayments. These banks and the governments of these countries also confront the necessity of drawing up contingency plans.

Writing last week in the British *Guardian*, Martin Kettle declared, “It’s time to admit that the European dream is over”. The best that could be done in the present situation, Kettle argues, is to “manage the now foreseeable break-up of the EU in a responsible and restrained way.”

In the *Financial Times*, one long-standing critic of the policy of the EU and the IMF towards Greece, Wolfgang Munchau, goes so far as to assert that his sympathies lie with the opposition in the current debate in the Greek parliament. They are entirely justified in voting down Papandreou's package, which will only deepen the recession in Greece, Munchau declares.

The fate of the Papandreou government is likely be decided in the course of the next few days. Should the government fall, then the international finance and political elite will move quickly to implement a solution similar to that imposed recently in Portugal—an even more right-wing government committed to ruthlessly imposing the program of the troika and the banks in the face of all opposition.

All of the alternatives currently under discussion—increasingly under the euphemistic heading of an "orderly" or "disorderly" default for Greece—involve the decimation of the living standards of the Greek population, which in turn will be used as a lever and role model for the destruction of living standards throughout Europe.

The growing chorus of calls for a "return to the nation" and the recourse to the basest forms of nationalism by European ruling elites can only be countered by a united offensive of the European and international working class to break the stranglehold of the banks and establish a genuine socialist society.