German Left Party campaigns for Eurobonds

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In the past couple of weeks, the Left Party in Germany has started a vehement campaign for the introduction of Eurobonds. Hardly a day has passed without one of the party leaders declaring, “Eurobonds are essential” (Gesine Lötsch, party chairperson), or “unavoidable” (Gregor Gysi, fraction leader), and even that Eurobonds were “proposed by the Left Party” and are “now being discussed everywhere” (Klaus Ernst, party co-chairperson).

During a party “think tank” in Rostock last weekend, former Left Party Chairperson Oskar Lafontaine also boasted with satisfaction that he had already proposed the introduction of Eurobonds in 2008.

With their demand for Eurobonds, the Left Party is again displaying its total commitment to supporting the austerity measures of the ruling elite. Most European governments and a large part of the German bourgeoisie increasingly regard Eurobonds as the most suitable mechanism for transferring the burden of the financial crisis onto the backs of the working class. They depict Eurobonds, which are state loans guaranteed on a European rather than a national basis, as a means to protect the Eurozone from collapse and rescue ailing member states like Greece and Portugal from their inability to repay their debts.

In actual fact, Eurobonds are aimed, just like all previous bank bailouts, at defending the euro and calming the finance markets—exclusively for the benefit of the financial elite. They would offer the banks new, secure investment possibilities and enable them to exchange their unsecured loans, for which they have been receiving exorbitantly high interest rates, for secured loans, guaranteed by the combined European Union member states.

The ordinary citizens of these states will have to bear the cost of these guarantees—in the form of further austerity measures and a form of dictatorial control by the European financial elite. A “European economic government”, as proposed by Eurobond supporters, would insist upon devastating cuts, like those already imposed upon Greece, Ireland and Portugal, to be implemented throughout the European Union. Individual member states would have their national economic policy dictated to them. For the working class, such a policy would be just as devastating as the policy of abandoning the euro, which is being proposed openly in nationalistic circles.

This campaign for Eurobonds by the Left Party confirms that it is neither left-wing nor socialist. Its entire politics is directed towards helping capitalism survive the current financial crisis, even when that requires massive attacks upon social conditions and democratic rights.

A socialist policy requires the expropriation of all the financial institutes and large corporations, and placing them under democratic control, instead of constantly feeding them new public funds. Such a political programme cannot be implemented by placing pressure on existing parties and institutions, but only through an independent mass movement comprising the working class.

This is the programme that the Left Party categorically rejects. It sees itself as an adviser to the ruling class, assisting to shift the cost of the crisis as smoothly as possible onto the backs of the people by hindering or suppressing any mass resistance. By campaigning for Eurobonds, the Left Party represent not the interests of workers and youth, but rather those of the finance markets.

The Left Party was one of the first to support the proposal for Eurobonds when it was first put forward. The Prime Minister of Luxembourg and the head of the Euro Group, Jean-Claude Juncker, had already raised the idea in 2008 as a response to the financial crisis. However, France and Germany rejected the suggestion, and the EU Commission also responded with caution.

For its part, the Left Party, at that time headed by Oskar Lafontaine, supported Juncker’s proposal from the very start. On March 19, 2009, Alexander Ulrich, parliamentary spokesman for business and industry in the Left Parry fraction in the Bundestag, announced, “The Left Party demands, as proposed by Jean-Claude Juncker, a euro credit guarantee system to make it cheaper to obtain loans in the Eurozone.”

Since this time, the crisis has further intensified. Neither the billions of euros in the rescue package, nor the “euro safety parachute” legislation introduced in May 2010, has brought calm to the European financial markets. Greece is once again on the verge of insolvency, and the international ratings agencies are threatening to reduce the credit rating of France if its government does not introduce more stringent austerity measures.

Last weekend, IMF head Christine Lagarde warned of a “dangerous new phase” in the crisis should the European banks not be recapitalised with fresh cash-injections.Given these circumstances, a heated and controversial debate is raging about the introduction of Eurobonds. In June, the European Commission suggested their introduction. While a majority of European leaders agree with the proposal, it is rejected vehemently by most right-wing populists and nationalists.

In Germany, the introduction of Eurobonds is supported by the SPD, the Green Party and the Left Party. Chancellor Angela Merkel (Christian Democratic Union, CDU) and the coalition government (CDU/FDP), on the other hand, have voted against the policy.

Sections of the ruling coalition parties have also declared their opposition to the proposed broadening of the Eurozone rescue plan, the EFSF (European Financial Stability Facility). This proposal will be voted on in the Bundestag on September 23. According to media reports, the German coalition government is meanwhile struggling to maintain bare majorities for itself in parliament.

Whereas a few days ago there was still talk of only seven or eight abstainers in the debate, some are now predicting that there could be up to 50 abstentions. The German coalition government (Christian Democrat/Liberal) has a total of 330 parliamentary seats, while the opposition parties (Social Democrats, the Green Party and the Left Party) hold 290 seats.

Should the planned bailout package "top-up" fail to be voted through by this parliament, political and economic expert observers fear catastrophic results for the already nervous financial markets.

It is entirely possible that the Eurobonds issue will bring about the downfall of the current coalition government. The latter has already come under massive pressure for its decision not to take part in the war against Libya. Over the last few days, more and more calls have been made in the media and in politics for Foreign Minister Guido Westerwelle (Free Democratic Party, FDP) to resign.

Sections of the business elite have also started to distance themselves from the European political policies of the German government. As the strongest economy in Europe, Germany has benefited disproportionately from the euro and the European Union. More than 60 percent of its exports are to European member states.

German business leaders are increasingly demanding, that the Eurozone must not be endangered, even if that costs additional hundreds of billions. Hans-Peter Keitel, the president of the German industry federation (BDI), declared in an interview with the *Berliner Zeitung* that the BDI was a "vehement protagonist of European integration".

Keitel said, "We need a stable society. That is impossible without the euro. We don't want some adventure with incalculable risks. We want to go forward and invest in Europe and the euro—even when it hurts. The EU, with its 500 million residents who are responsible for a quarter of the world's economic performance, is a global player. You cannot say the same about each member-state acting on its own, including Germany."

This is the context in which the Left Party's support for the introduction of Eurobonds must be viewed. At a time of the greatest crisis of capitalism since the 1930s, the Left Party is increasingly preparing itself to take up a place in national government, with responsibility for implementing policies that represent the interests of German industrial and financial elites, and to work together with the SPD, the Green Party and the trade union bureaucracy to counteract popular resistance.

On August 21, Gregor Gysi told the German public TV channel ARD in an interview that a problem for the Left Party was that it "has not yet been in power in national government". He added that this meant they had not yet been able to prove their capability for "implementing agreed policies".

Only a few days later, the co-chair of the Left Party, Gesine Lötsch, released a statement with the title, "The national government is incapable of solving the financial crisis". She describes the introduction of Eurobonds as a "measure that absolutely must be taken". Later she writes that the European economy is ready to "grab hold an old left-wing idea".

After the previous weekend's minority fraction think tank, André Brie, one of the leading representatives of its right wing, went on the offensive and demanded a greater opening up of the party. He said there was "a great hesitancy in the Left Party to engage with people who have other ideas". The Left Party must break finally with the attitude that the SPD and the Green Party have to change first before the Left Party can work together with them. Potential coalition partners should be "treated with genuine respect".

In fact, Brie's demands have already been realised. Since the outbreak of the world financial crisis, the Left Party has facilitated the introduction of several bank "bailouts" by voting for an emergency bill in parliament. The billions of euros that have flowed into the bank coffers will now be paid for through social spending cuts.

If the Left Party is now boasting of being the "originators" of the Eurobond policy, then they should at least have the honesty to admit that they are also the shock troops for implementing the massive attacks on social welfare and security that must follow. In Berlin, where the party has been in government for 10 years, its policies have led to the impoverishment of a wide section of residents. If the European economic leaders implement the measures that the Left Party are now calling for, they will throw further masses of workers and youth into poverty and destitution.