

What lies behind the rescue of the Euro?

Peter Schwarz
21 October 2011

Great expectations were aroused by the European Union summit which takes place this weekend in Brussels. According to its participants, nothing less than the survival of the euro and the EU is at stake. However these hopes have been deflated with the announcement that nothing definitive will emerge from the meeting and that another summit will be held next Wednesday.

On Tuesday French President Nicolas Sarkozy asserted that European unity would be put at risk if the leaders of the euro zone did not take bold measures to solve the debt crisis at the weekend. “Allowing the destruction of the euro is to take the risk of the destruction of Europe. Those who destroy Europe and the euro will bear responsibility for resurgence of conflict and division on our continent,” Sarkozy warned.

France’s Prime Minister Francois Fillon warned: “If we don’t succeed, Europe will be at great risk.” German Finance Minister Wolfgang Schäuble called the situation “extremely tense” and warned: “The euro is at stake.”

A break-up of the European Union would undoubtedly have catastrophic consequences. It would revive the national antagonisms and conflicts which triggered two world wars and left the continent in ruins in the first half of the last century. The proposals put forward, however, by Sarkozy, Fillon, German Chancellor Angela Merkel and Schäuble to “rescue” the EU are no less disastrous. They all boil down to shifting the crisis onto the backs of the population and plunging millions into unemployment and misery.

The German and French governments remain hopelessly at odds regarding the details of a “rescue” plan. There are “very intense discussions, extremely intensive

conferences, telephone conferences, meetings”, a spokesman for Schäuble declared. On Wednesday evening Sarkozy took the unusual step of flying to Frankfurt to meet with Merkel and leading representatives of the EU and European Central Bank (ECB) in Frankfurt for a two-hour meeting. The meeting failed to arrive at any agreement on the outstanding contentious issues.

There is agreement however on the overall aim of the measures to be taken: Public spending is to be massively reduced across Europe, while additional hundreds of billions of euros will be freed up to protect the banks.

The consequences of this policy can be seen in Greece. As a result of the austerity measures introduced by the Papandreou government in agreement with the EU and ECB, wages, pensions and social spending have declined dramatically, unemployment is soaring and countless small businesses have gone bankrupt. The austerity program has triggered a deep recession which has in turn increased the budget deficit, despite the cuts. Only the banks have benefited from the alleged rescue of Greece. They were able to sell most of their Greek government bonds to the European rescue fund or the ECB.

Rather than rescuing Europe, the combination of austerity programs and bank bailouts due to be agreed upon over the weekend in Brussels threatens to rend the continent asunder. The policies will drive European countries into the economic abyss and aggravate national conflicts, as the fierce disputes over the purpose and organisation of the euro rescue fund already demonstrate.

There is growing opposition among the European population to this political and economic madness. Athens on Wednesday witnessed the biggest demonstration since

the fall of the military junta 35 years ago. Hundreds of thousands also took to the streets last Saturday in Spain, Italy and many other countries. This movement is part of an international revival of the working class which began in Tunisia and Egypt and has spread to large parts of Europe and the United States. It is directed against the dominance of finance capital (“Wall Street”) and against growing social inequality (the rule of the “one percent”).

This movement is in its infancy. It must overcome considerable obstacles and solve major political tasks.

More than six decades after the end of the Second World War, it is once again evident that the bourgeoisie is organically incapable of uniting Europe on a progressive basis. For months, governments have danced to the tune of the financial markets. One crisis meeting followed the other, each promised a “comprehensive solution”—and after each summit the crisis deepened.

This state of affairs cannot be changed by pressure from the streets. The crisis is not simply a consequence of misguided policy decisions, which can be corrected. It is the crisis of a social system based on irreconcilable class antagonisms. The capitalist system cannot be reformed, it can only be abolished.

The current crisis has developed over decades. The incomes of working people have been stagnating or declining since the early 1980s or before, while a small elite at the top of society has accumulated untold riches. That wealth can only be sustained by constantly squeezing more surplus value out of the working class.

The never-ending attacks on wages and working conditions, the looting of public funds through tax cuts for the wealthy, severe cuts in social spending and the billions to rescue the banks all serve this goal. These measures are supported without exception by all the mainstream parties. Whether social-democratic, left, green, Christian Democrat, conservative or liberal, they all insist that cost-cutting measures are inevitable.

They in turn have the backing of numerous “left” organisations who attempt to transform the resistance against austerity measures into harmless protests and appeals to governments or subordinate the mass movement to one or another wing of the ruling elite.

In Greece, the trade unions, who are close to the ruling PASOK party, are desperately seeking to prevent the fall of the Papandreou government, which bears the main responsibility for the austerity measures. Under the slogan of “no politics”, the so-called “outraged” movement tries to suppress any discussion of political perspectives. This has the support of a host of pseudo-left groups.

Workers must break with all these organisations. Europe is heading towards massive class struggles. These must be prepared politically. The disasters associated with the last century can only be avoided when the working class intervenes as an independent political force. This requires above all a socialist program.

The workers of Europe must unite and reject all those who preach nationalism or social decline in the name of “saving Europe”. The task is to create and build the United Socialist States of Europe. A European workers’ government would expropriate the banks and big corporations and use their resources to create new jobs and meet social needs, rather than generate profit for the rich.

The *World Socialist Web Site* and the International Committee of the Fourth International fight for such a program and are building sections in every country to realise such a perspective.

Peter Schwarz



To contact the WSWWS and the Socialist Equality Party visit:

[wsws.org/contact](https://www.wsws.org/contact)