

# The unravelling of the European Union

Peter Schwarz  
14 November 2011

Less than a year ago the demise of the euro and the breakup of the European Union were generally conceived of as unthinkable. Now, they are the dominant themes in European politics and in the media.

German Chancellor Angela Merkel recently warned parliament, “If the euro fails, Europe fails.” Similar warnings have been made by French President Nicolas Sarkozy. Not only the notoriously euro-skeptical British press, but also such pro-European papers as France’s *Le Monde* and Germany’s *Die Zeit* are no longer excluding the failure of the common European currency.

European Commission President Jose Manuel Barroso has described the economic consequences of such a development in the starkest terms. The collapse of the euro zone would cause an economic crash that would instantly wipe out half of the value of Europe’s economy, plunging the continent into a depression as deep as the 1930s slump, he has declared.

But the alternative proposed by Merkel, Sarkozy and Barroso to avoid such a catastrophe is not less disastrous. It amounts to setting up a dictatorship of the financial markets over every aspect of social life. Recent events in Greece and Italy confirm this. In each country a government of experts selected by the EU is being formed without any democratic legitimacy. Its task is to decimate the living standards of the people by implementing unprecedented austerity measures.

In fact, “saving” the euro by means of austerity measures and the breakup of Europe are not opposite, but rather parallel political strategies serving the same basic aim. The recent EU summit in Brussels set the course for both. It dictated punitive austerity measures for Greece and Italy and subordinated the Greek budget to the control of the “troika”—the European Union, the International Monetary Fund and the European Central Bank. At the same time, it did not exclude the exit of Greece from the euro zone.

Merkel’s chancellery has already prepared studies on the financial implications of such a step, and if one country leaves the euro zone, it will hardly be possible to avoid the exodus of others.

Yet another fault line in the EU has been deepened by the Brussels summit. Its decision to coordinate the financial and economic policies of the 17 euro nations more closely and form some sort of economic government will marginalize the ten EU member states that remain outside the euro zone. The division of Europe into a core dominated by Germany and France and an impotent periphery is being prepared. London, in particular, has sharply protested against this step.

The European Union is faced with an insoluble dilemma. If the euro fails, the EU breaks up. But if the euro is kept alive by a core Europe dominated by Germany or by Germany and France, that will also lead to the breakup of Europe. In both cases the result will be the balkanization of Europe and a relapse into the type of national conflicts that produced two world wars in the last century.

Marxists anticipated the breakup of the European Union long ago. In the 1920s, Leon Trotsky, who considered the unification of Europe an urgent necessity, published several articles on the theme. He pointed out that it was impossible to unify Europe on a capitalist basis because capitalist property is inseparably bound up with the nation-state. The bourgeoisie, in conflict with the working class and in competition with its international rivals, needs the nation state to defend its class interests and cannot do without it.

In an article published by *Pravda* in 1923, Trotsky wrote: “Europe cannot develop economically within the state and customs frontiers imposed at Versailles. Europe is compelled either to remove these frontiers or face the threat of complete economic decay. But the methods adopted by the ruling bourgeoisie to overcome

the frontiers itself had created are only increasing the existing chaos and accelerating the disintegration.”

In 1989, when the Stalinist regimes in Eastern Europe were faltering and illusions about a prosperous capitalist Europe were being widely promoted, the International Committee of the Fourth International wrote in its European Election Manifesto: “The European single market does not mean the unity of Europe. Quite the opposite, it only creates the arena for the most powerful European conglomerates, which have already fought two world wars in this century, to renew their struggle for European domination. It goes along with a new wave of capital concentration and monopolization and raises existing political, economic and social contradictions to new heights.”

Recent events have fully confirmed this analysis.

The advances made in the economic integration of Europe during the second half of the Twentieth Century were the result of extraordinary historic circumstances—the suppression of the class struggle by Stalinism and Social Democracy and the immense economic power of the United States, which provided the basis for the revival of the war-ravaged European economy with the Marshall Plan and the establishment of the dollar as the world reserve currency. The common front against the Soviet Union in the Cold War also helped to weld the Western European powers together.

But even the most economically powerful nation-state could not provide a lasting and viable framework for the progressive development of the world economy. The attempt of the United States to reconstruct world capitalism under its tutelage and domination only created the conditions for the rise of powerful rivals in Europe and Asia and its own decline.

The conflicting national interests were never overcome, however. Rather, the process of European integration proceeded generally in accordance with the national interests of all those involved: Germany got easier access to export markets; France obtained a means to control its traditional German foe; Britain gained access to the European market after the demise of its empire while retaining the special role of the City of London. Now, the economic decline of the US and the international financial crisis are reviving the national antagonisms in Europe.

The advocates of a united Europe under the auspices

of the EU have often drawn a comparison with the US. But the United States of America is the product of two revolutions—the War of Independence in the 18th century and the Civil War in the 19th century. Both were driven by progressive ideals that inspired millions of people—popular sovereignty and the abolition of slavery.

The EU project, in contrast, never had a higher aim than the free circulation of commodities and capital. It started as a Coal and Steel Community and arrived at its apogee with the single market and the common currency. Its lack of popular support became obvious in 2005, when the French and Dutch electorates rejected the draft European constitution because of its right-wing, neo-liberal orientation.

The international financial crisis has exposed the incompatibility of the EU and the basic interests of its inhabitants for everyone to see. The European Union does not allow for democratic and progressive alternatives. The choice between the euro and a national currency, between the EU and national sovereignty, is a choice between reactionary alternatives—the direct dictatorship of finance capital or its indirect dictatorship by means of the balkanization of the continent.

The real alternative is between a capitalist and a socialist Europe. The present crisis poses the stark alternatives of social revolution or a descent into war, depression and dictatorship.

Without breaking the iron grip of the financial markets, expropriating the banks, corporate conglomerates and private fortunes and placing them at the service of society as a whole, there is no solution. The dividing line in Europe is not between Greeks and Germans, Portuguese and French or Irish and British, it is between the working class that is forced to pay for the crisis and the financial aristocracy that continues to enrich itself, along with its henchmen in the EU, the national governments and all of the establishment parties.

Peter Schwarz



To contact the WSWs and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**