

# Germany's six-point plan for sweatshop Europe

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It is now common practice to smash up wages and workers' rights by initiating bankruptcy proceedings. The best known case is the American auto giant General Motors, which laid off 30,000 workers, slashed wages in half for new-hires, and cut retiree benefits. If the German government gets its way, this procedure will be applied to entire countries.

According to a report in the news magazine *Der Spiegel*, the chancellery in Berlin has drawn up a six-point plan for far-reaching "structural reforms" in Greece and other highly indebted European Union countries. The plan includes the sale of state enterprises, the gutting of employment protection rights, the promotion of a low-wage labor sector, the removal of constraints on businesses, and the establishment of special economic zones and privatization agencies modeled on the German Treuhand.

German government spokesman Steffen Seibert has not confirmed the plan, but neither has he denied it. According to *Der Spiegel*, it will form the basis for negotiations at the European Union's so-called "growth summit" in late June. *Der Spiegel* writes that Chancellor Angela Merkel will seize on the call for a growth policy by newly elected French President Francois Hollande, "applying the principle of judo fighters: employing the momentum of the opponent to mount one's own attack."

If Merkel gets her way, "growth" will be achieved entirely through the intensified exploitation of workers and not through any plan for economic revival or increased social expenditures. She assumes Hollande will be open to these proposals since the EU summit will take place after the June 17 French parliamentary elections and the new French president will no longer be constrained by voters' opinions or his own

campaign promises.

The German government is striving to impose levels of exploitation similar to those currently existing only in Eastern Europe and Asian cheap-labor havens such as China and Vietnam. Special economic zones have played a crucial role in the emergence of China as the world's biggest sweatshop. These zones free companies from paying taxes or adhering to environmental regulations and labor standards, reducing workers to the status of impoverished industrial slaves.

The model for the privatization agencies recommended by the experts in the chancellor's office is the Treuhand, which obliterated the industrial landscape of East Germany following the collapse of the Stalinist regime in 1989. Run by hand-picked confidants of big business and the banks and not answerable to any democratic bodies, the Treuhand decided the fate of millions. It sold off 8,500 companies with 45,000 facilities at fire-sale prices or simply shut them down. Only a small fraction of the original 4 million industrial jobs remained.

The six-point plan drawn up by the chancellery is incompatible with national sovereignty or democracy. The newspaper *Tagesspiegel* interviewed several German economic experts who were brutally frank in expressing their views on the future prospects for Greece.

Thomas Straubhaar, director of the Hamburg Institute of International Economics, called for the establishment of a "European protectorate" over Greece. He said that whatever the outcome of the upcoming June 17 elections in Greece, the country remained a "failed state," lacking "the strength to make a fresh start on its own."

The term "protectorate" evokes ghastly memories.

British imperialism referred to its former colonies as protectorates when it permitted local puppets, as in Egypt and several Gulf sheikdoms, to play at being heads of state. In run-up to World War II the term became infamous following the Nazi occupation of Czechoslovakia and establishment of the Protectorate of Bohemia and Moravia.

The fact that this term is re-introduced into the official vocabulary reveals what the ruling circles of Germany and Europe have in mind. The debate on special economic zones and protectorates takes place against the backdrop of a worsening economic crisis.

As a result of the austerity program dictated by the troika—EU, the International Monetary Fund (IMF) and the European Central Bank (ECB)—the Greek economy is in free-fall. The country is now in its fifth year of recession. Small and medium-sized companies are collapsing. This year alone their business association expects 61,000 firms to close, wiping out 240,000 jobs. The tourism industry, which accounts for one in five Greek jobs, has seen its revenues decline by 45 percent in the past year.

The country's banks face collapse because borrowers can no longer repay their loans and both investors and depositors are withdrawing their money. Experts speak of a "slow motion" run on the banks that threatens to spill over to Spain and Italy. Since the beginning of the crisis, private citizens and businesses have withdrawn 63 billion euros from Greek accounts, i.e., one third of total deposits. Since the middle of last year, 100 billion euros have been withdrawn from Spanish banks and 160 billion euros from banks in Italy.

Under these circumstances, the ruling class is concluding that it can no longer afford the luxury of democracy. Leading officials such as German Finance Minister Wolfgang Schäuble and IMF chief Christine Lagarde are threatening the Greek people with immediate state bankruptcy if they vote on June 17 in favor of parties calling for a softening of the austerity policies dictated by the banks via the troika.

At the same time, the European Union is preparing for Greek national bankruptcy and the exit of Greece from the euro. The Euro Working Group, a committee of the finance ministries of all 17 euro countries, has instructed all governments to prepare emergency plans for a Greek euro exit. In Greece itself, the ruling class is secretly drawing up plans to use the military to crush

popular opposition to the austerity measures.

Greece makes clear what confronts the working class throughout Europe. Nearly four years after the eruption of the global financial crisis, democratic structures are collapsing and the representatives of the financial and corporate elite are defending their rule by endless attacks on wages, jobs and social programs.

The working class can counter this offensive only by closing ranks internationally and fighting for a socialist program. The task is not to reform the European Union but to mobilize the working class for its overthrow and replacement by the United Socialist States of Europe.

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