

German Court ruling on euro bailout fund heralds deeper attacks on working class

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With its ruling Wednesday in favour of the European Stability Mechanism (ESM), the German Constitutional Court has given a green light to new attacks on the working class. The launching of the ESM will inevitably lead to an intensification of class struggles in Europe.

The ESM is just one of several institutions and mechanisms that have been established in recent months. All serve the same end: the strengthening of finance capital at the expense of working people.

The ESM will ensure that banks and hedge funds that have speculated or loaned money at exorbitant interest rates to highly indebted countries can be rescued in the future by an infusion of public funds. To this end, the ESM has a capital reserve of 700 billion euros—a sum guaranteed by euro zone member states.

The unlimited purchase of government bonds in the secondary market announced by the European Central Bank (ECB) last week will further channel billions of euros into the coffers of financial institutions, ultimately to be paid for by the working class.

Finally, the European fiscal pact, which was also upheld by the Constitutional Court on Wednesday, establishes a limit on debt and requires all European Union governments to adhere to stringent deficit limits, irrespective of election results or popular opposition.

Democratic norms have been fundamentally undermined in two respects.

States that accept loans from the ESM or bond purchases by ECB must submit to the dictatorship of

the so-called troika, consisting of the ECB, the European Union and the International Monetary Fund. Where this leads is clear from the example of Greece, where the troika has dictated wholesale layoffs and massive cuts to pensions, wages and the country's health care system—measures that go beyond those imposed by military dictatorships such as Pinochet's Chile and the junta that ruled Greece in the late 1960s and early 1970s.

Debtor states have been stripped of the “sovereign right of parliament” to determine budget policy by democratically unaccountable institutions such as the ESM and the ECB, which can allocate gigantic sums to be clawed back via the fiscal pact in the form of vicious social spending cuts.

All this is being done in the name of saving the euro, which is ever more clearly emerging as an instrument of finance capital to plunder Europe.

It is significant that politicians and journalists hardly refer anymore to “unity”. Instead they talk of a “banking union” and “fiscal union”. They thereby let the cat out of the bag. They are not in favour of the unity of the European peoples. The entire project of European integration has revealed itself to be nothing other than the brutal subjugation of the continent to the dictates of the banks and financial markets.

It remains questionable whether the euro will survive. Austerity policies dictated from Berlin and Brussels have set in motion centrifugal forces that are undermining the monetary union. They have divided Europe along national and social lines. Heavily indebted countries are forced to pay exorbitant interest

rates and are driven deeper into crisis by the recession precipitated by austerity diktats. The low wages in these countries serve in turn as a lever to drive down the living standards of workers in the rest of Europe.

The situation in Europe recalls the 1930s, when the consequences of the Versailles Treaty, the political intrigues of the steel barons and banks, and the harsh austerity policies of Chancellor Brüning combined to plunge the continent into the abyss.

The ruling class may have learned nothing from history, but the same cannot be said of the majority of the people. They are not prepared to accept a repeat of that disaster. Protests, demonstrations, strikes and other signs of resistance are increasing. Violent class struggles are inevitable.

What hinders these struggles is the lack of a viable perspective. The trade unions do everything they can to sabotage such struggles or limit them to ineffectual protests. The social democratic parties support the European Union, while spreading the illusion that it is possible to reform the EU and achieve prosperity and social justice within its framework.

In France, the Socialist Party's Francois Hollande won the presidential election based on such promises. Only weeks after taking office, he is following in his conservative predecessor's footsteps, announcing a drastic austerity program. At the same time, he is continuing Sarkozy's policies of militarism and racism.

The same is true in the Netherlands. There, the Social Democrat Diederik Samsom has carried out a campaign along the lines of his French counterpart. He is preparing to enter a new government in coalition with the right-wing neo-liberals led by Mark Rutte, whose previous cabinet was unable to realise its plans for severe austerity.

Even more insidious is the role of the pseudo-left parties that verbally criticise the power of finance capital and the European Union, only to join forces with them in practice.

In this year's election campaign in Greece, the

Coalition of the Radical Left (SYRIZA) promised that it would renegotiate the austerity program of the troika. It aligned itself with the newly elected French president. At the same time it offered its services to European governments and banks as a force for "reasonable" austerity, while pledging that if it came to power, it would repay Greece's debts to the banks.

In Germany, the parliamentary faction of the Left Party took part in the legal action against the ESM in a manoeuvre aimed at hoodwinking their own supporters. Now the same party praises the decision of the judges in favour of the ESM as a triumph of democracy!

The European Union cannot be reformed in the interests of working people. It is a tool of the most powerful banks and corporations to subordinate Europe to their interests. It is impossible to defend a single social gain or democratic right without breaking its power.

This requires a break with the old parties and trade unions and the independent mobilization of the working class throughout Europe on the basis of a socialist program.

Banks, hedge funds and large corporations must be expropriated, large fortunes confiscated, and the economy organized according to the needs of society instead of the profit interests of the corporations. Bourgeois governments must be replaced by workers' governments as part of the struggle for the United Socialist States of Europe.



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