

# The return of the Euro crisis

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4 October 2013

It is now generally acknowledged that the euro crisis was put on hold during the German election campaign. Neither the German government nor the opposition wanted news of imminent sovereign defaults, bank failures, billion-dollar bailouts, austerity programs and other social attacks to dominate the election campaign. Decisions in Brussels were delayed, and the crisis glossed over.

With the election now over, the crisis has returned with renewed intensity, and the bad news kept out of the papers during the German election has returned. Leading business spokesmen are demanding fresh austerity programs and labor market reforms—not only in Southern and Eastern Europe, but also in the core countries of the European Union: Italy, France, and Germany.

None of the problems that led to the longest and deepest recession since the 1930s has been resolved. Greece needs new debt relief despite draconian austerity measures. Portugal, which in 2011 was “rescued” with a loan of 78 billion euros, requires a new cash injection of €50 billion. Despite having already received billions in aid, Spanish banks remain threatened with bankruptcy.

Rather than resolving the debt crisis, draconian austerity measures dictated by the EU have deepened it. Such measures aimed to enrich the wealthy at the expense of the working class and the public purse. As the number of millionaires balloon and the stock markets reach new heights, poverty, unemployment and government debt are growing apace.

In the euro zone, the average sovereign debt has risen from 88 to 92 percent of gross domestic product (GDP) in just one year. Despite deep cuts that have left over half of the country’s youth out of work, Spain had a budget deficit of 10.2 percent of GDP last year, Greece of 10, Ireland of 8.3, and Portugal of 6.4 percent. France also will not meet the 3 percent limit demanded

by the EU; its budget deficit is expected to exceed 4 percent.

Having starved the European economy with devastating austerity measures, the ruling class is demanding even more belt-tightening.

After the failure of the no-confidence vote against Italian Prime Minister Enrico Letta, the financial press called for more social cuts. Letta “now has the upper hand,” wrote the *Financial Times*. He must re-establish the country’s competitiveness “by cutting the high taxes on labor and paying for it by slashing public spending.”

In France, the High Council for Public Finance (HCFP) has just called for “greater efforts in budgetary planning,” in order to balance the budget by 2016.

In Germany, the newspaper *Die Zeit* complained already before the election that the government had failed to formulate “any kind of domestic reform,” and had retreated from “taking up any sort international responsibility.” Further budget cuts in cash-strapped municipalities, states and at the federal level, as well as increased military operations in global war zones, will be at the core of the next government’s agenda.

These issues were the focus of the speech delivered by German President Joachim Gauck yesterday on German Unity Day. Gauck called for a stronger German role in world politics and in the euro crisis. “The question is bluntly posed: does our commitment reflect the importance of our country,” he said.

Five years of austerity policies have dramatically intensified class tensions in Europe and unleashed a broad political crisis. There is hardly a country on the continent with a stable government. In Portugal the conservative ruling party lost 12 percent of its vote in recent local elections. In France just 23 percent of the population approve of the president’s policies. In Germany, Chancellor Angela Merkel must seek a new coalition partner, following the ouster of the neo-liberal

FDP from parliament.

At the same time there are growing tensions within the European bourgeoisie. The growing economic divide between Germany and France and the continuing crisis in Italy have upset the balance of power between the euro zone's three largest economies.

Far-right, chauvinistic tendencies are gaining influence. In France, the National Front is gaining ground and the conservative UMP is opening up to this far-right party. In Austria, far-right, nationalist parties received 30 percent of the vote last Sunday. In Germany, a right-wing anti-Europe party—the Alternative for Germany—has been formed for the first time.

The bourgeoisie can only remain in power and proceed with its reactionary attacks because no one confronts it politically on behalf of the working class. All of the mainstream parties, from “left” or the right, respond to the worsening of the crisis by closing ranks and shifting further to the right.

Social-democratic parties long ago ditched their differences with right-wing bourgeois parties, moving to fully support the EU's austerity measures. The same applies to the trade unions, which suppress the resistance by workers, and function as co-managers and factory police.

The sharpest shift to the right has been undertaken by pseudo-left parties, such as the German Left Party, and the Greek “Coalition of the Radical Left” (SYRIZA). They adamantly oppose any independent political movement by the working class and take responsibility for maintaining bourgeois rule.

At every possible opportunity, the Left Party has offered the SPD and Greens its full support, while propagandizing for “humanitarian” military interventions. SYRIZA is preparing to take over government and supports and defends a state apparatus which is closely intertwined with the fascist Golden Dawn organization.

The only political tendency that sought to prepare the working class for the coming class struggles is the Socialist Equality Party (PSG) and the International Committee of the Fourth International. The PSG ran in the German elections with a program which gave voice and a political orientation to widespread opposition to the austerity policies of Berlin and Brussels.

The PSG uncompromisingly rejects both the

European Union and all forms of nationalism and fights to establish the United Socialist States of Europe. Its election manifesto explains: “Only through the unification of Europe on a socialist basis can the working class bring their own interests to bear, prevent Europe from relapsing into nationalism and war, and use the continent's enormous wealth and productive forces to serve the interests of society as a whole.”

We call on all readers of the WSWS to join the PSG and help build sections of the International Committee of the Fourth International across Europe.



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