European Union summit on coronavirus ends in acrimony

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The 27 European Union heads of government met via video conference on Thursday evening to discuss the coronavirus crisis.

With 276,000 infections and 17,300 deaths as of Thursday evening, the EU, with its 450 million inhabitants, is the epicentre of the pandemic, ahead of the United States, the country with the largest number of infections. And the numbers continue to rise dramatically. The pandemic, which respects no borders, urgently requires a Europe-wide and international response. But Thursday's summit demonstrated the EU's inability to provide such an answer. It concluded amid divisions and acrimony.

The conflict was triggered by the question of how the governments should finance the huge bailouts with which they sought to respond to the crisis. These measures were aimed primarily at strengthening the banks and major corporations. Of the €756 billion bailout package adopted by the German government, €600 billion will go to large corporations, €50 billion to small business and the self-employed, and smaller amounts to social services and health care, which are essential to combat the pandemic and its consequences. A similar process is taking place in other countries.

Nonetheless, the vast expenditures and economic shutdown have driven some states to the verge of bankruptcy, especially those which were bled dry by the global financial crisis in 2008 and the austerity measures subsequently imposed on them by the EU.

For example, Greece's state debt rose from 125 percent of GDP in 2008 to 181 percent today. This was a direct product of the so-called bailout programmes of the "troika" of the EU, European Central Bank and International Monetary Fund. This included loans to the Greek government, which took on additional debt in order to repay the banks with extortionate interest rates. The price was paid by the working class in the form of a decimation of pensions and social spending.

The same occurred for Portugal, Spain, Italy and other southern European countries. Italy's state debt, for example, rose from 106 percent at the time of the financial crisis to 135 percent of GDP today, even though social spending has been drastically cut.

One result of these austerity measures is the low number of hospital beds, which is partly responsible for the high numbers of deaths from COVID-19. Italy has 3.2 hospital beds per 1,000 inhabitants, while Greece has 4.2 beds per 1,000 inhabitants. By contrast, Germany has eight and France six. The difference is even greater when it comes to intensive care beds, which determine whether acute patients live or die. Germany leads the way with 29 intensive care beds for every 100,000 inhabitants, while France has 11.6, Italy 12.5, and Greece six.

Nine countries, including France, Italy and Spain, proposed financing the additional spending on the coronavirus crisis with bonds issued by all EU member states. This would have the advantage that every country would have to pay the same, relatively low, interest rate. German state debt has a negative interest rate of -0.5 percent, meaning the German state makes money when it takes on new debt. By contrast, Italy has to pay 1.3 percent, and this figure can quickly shoot upwards if currency speculators smell blood.

But the proposal was firmly rejected by the Germans and Dutch. The video conference dragged on for six hours, and sharp divisions reportedly emerged. French President Emmanuel Macron warned that the survival of the European idea was at stake. Italian Prime Minister Conte threatened to leave the summit, and published his own statement calling on the EU to develop innovative financial measures within the next

10 days.

The Italian newspaper *Fatto Quotidiano* subsequently declared in the title of its article that Conte had told “a dead Europe to piss off.” The Italian daily *Corriere de l la Sera* warned of the end of the European project, while the financial newspaper *Il Sole-24* quoted a diplomat as saying, “When you count the dead, you’re not counting the billions.”

An agreement was eventually reached to postpone a decision for two weeks. During this period, the EU finance ministers will be tasked with drafting a proposal. As the coronavirus crisis intensifies, with even government officials warning that a tsunami is about to hit, the EU is taking a two-week break.

The German government merely wants to offer the financially struggling countries loans from the European Stability Mechanism (ESM), which was established in 2012 as a response to the European debt crisis and currently has capacity for €410 billion worth of lending. These loans come with innumerable strings attached. Governments that take them on must agree to sweeping cuts to public services and social spending. In other words, they would set into motion another round of austerity measures that would have a devastating impact on working people.

The dispute over so-called coronabonds is just the latest example of how Europe’s ruling class have responded to the coronavirus with a wave of nationalism.

“When the virus arrives, everyone is left to their own devices,” commented *Der Spiegel* already three weeks ago. With the looming crisis in Italy coming into view, Germany and France responded, at a time when Italy had 4,000 infections, and now over 9,000 deaths, by imposing a ban on the export of protective clothing and masks. The Italian government’s appeal for help to the EU to supply protective clothing and other medical aid was ignored.

This set a pattern for subsequent developments. Although the European leaders initially issued ceremonial pledges not to unilaterally close their borders, they rapidly took precisely this step. The result was queues of trucks of up to 60 kilometres, which led to the partial disruption of supply chains for important foodstuffs.

The struggle against the coronavirus crisis, the deepest crisis since the end of the Second World War, requires an international response that unconditionally prioritises human life and social need over capitalist private profit. The latest EU summit confirmed that the EU is utterly incapable of doing this.

The EU and its institutions do not embody European unity. Rather, they represent European big business and the banks, which plunder the working class and defend their profit interests. Under conditions of deep crisis, this inevitably leads to nationalist divisions and the flareup of chauvinism. That was the case during the financial crisis and it is reemerging once again in a more advanced form.

The struggle against the coronavirus pandemic is inseparable from the fight against capitalism and the European Union. It demands the confiscation and nationalisation of the incredible wealth acquired over the last decade by a tiny layer of multi-millionaires and billionaires. The European working class must unite in the struggle for the United Socialist States of Europe.