

EU talks on COVID-19 pandemic response collapse

Alex Lantier, Johannes Stern
9 April 2020

Two weeks after the collapse of a first Eurogroup summit of eurozone finance ministers on the COVID-19 pandemic, a second emergency Eurogroup summit collapsed yesterday amid bitter recriminations among leading European states. The European Union (EU), obsessed with saving the wealth of the super-rich, has no policy to address the deadliest pandemic since the 1918 Spanish flu.

For workers in Europe and internationally, the pandemic is an unprecedented social and economic crisis. On Tuesday, as the Eurogroup summit failed, 34,487 new cases were diagnosed and 4,599 died in hospital across Europe, bringing the total of 709,125 recorded cases and 57,245 deaths. Restrictions adopted in a desperate bid to slow the contagion cost over 11 million jobs last week, unleashing Europe's deepest economic crisis since the 1930s Great Depression.

With the UN estimating that 80 percent of the world's 3.3 billion-member labor force is now impacted by full or partial work shutdowns, millions more jobs have been lost. Since then a million more jobs were lost in Spain, 1.8 million in France, and millions more Europewide.

Anger is mounting among workers and professionals towards the EU, which has blocked coordination by health authorities and subordinated its medical response to corporations' calls to keep workers on the job to make profits for the banks. This policy, which spread the pandemic, led to disaster. While confinement policies were adopted only after mass strikes and walkouts by workers across Italy and Europe, the EU governments pursued beggar-thy-neighbor policies exemplified by the decision of Berlin and Paris to ban exports of key medical supplies to hard-hit Italy.

On Tuesday, European Research Council (ERC) President Mauro Ferrari, the leader of Europe's leading scientific institution, resigned in protest at the EU's handling of the pandemic.

"I have been extremely disappointed by the European response to COVID-19," Ferrari told the *Financial Times* of London. "I arrived at the ERC a fervent supporter of the EU, but the COVID-19 crisis completely changed my views, though the ideals of international collaboration I continue to support with enthusiasm." Ferrari condemned the EU's "complete absence of coordination of health care policies among member states, the recurrent opposition to cohesive financial support initiatives, the pervasive one-sided border closures."

This assessment was echoed by Janez Lenarčič, the EU's crisis management commissioner, who criticized the EU's callous response to the initial outbreak in Italy: "There was an inadequate response to the Italian request for assistance from other EU member states."

Despite Lenarčič's critique, EU finance ministers were unable to produce a coordinated policy to finance essential health care and assistance to workers and small businesses during the pandemic. The summit devolved into bitter conflicts between the leading EU powers over who would benefit from bank bailouts and who would decide what austerity measure to impose.

The meeting started 90 minutes late, at 4:30 p.m. amid differences over the summit agenda. The ministers canceled a planned 8 p.m. press conference and continued arguing throughout the night. A planned press conference at 10 a.m. was again canceled for lack of agreement. Ultimately, the Eurogroup's president, Portuguese Finance Minister Mario Centeno, announced the failure of the conference and that talks would restart today.

In reality, the package proposed by the EU powers is not a "recovery package" and contains no emergency funding for medical measures or the production of key medical supplies (masks, respirators or key drugs). The €540 billion package contains only €100 billion supposedly earmarked to finance reduced wages paid to workers laid off during the pandemic; the rest consists of

subsidies for the banks and big business.

It appears talks failed over demands by the Dutch government, partially backed by Berlin, that countries receiving EU aid, like Italy, agree to budget cuts and other austerity measures dictated externally by the EU via the so-called European Stability Mechanism (ESM). Italian officials refused to agree to such a deal, modeled on the EU's looting of Greece during the euro crisis that followed the 2008 Wall Street crash.

It was left to German Finance Minister Olaf Scholz, who is working closely with his French counterpart Bruno Le Maire, to make an official statement on the talks. In a press statement yesterday morning, Scholz claimed that the deployment of the ESM "is not linked to a troika that enters the countries and develops programmes for the future as was the case ten years ago."

This is an obvious lie. Already in his further remarks Scholz left no doubt that the billions are to be squeezed out of the European working class by more brutal austerity measures.

"You can see from the decisions we have made in Germany that it is already possible to develop very clever programmes for the future," Scholz explained, adding: "Our decision is, for example, that we are going to repay the additional debt that we take on through the rules that we have given ourselves in our own constitution from 2023 on to 2043. We can do that and that's how it will work elsewhere."

Such statements must be taken as a warning to workers in Germany and across Europe. The European bourgeoisie insists not only on maintaining austerity policies that caused a social catastrophe across Europe, but to intensify it amid a historic economic collapse. Scholz's reference to the debt brake written into Germany's constitution in 2009 makes that clear. In the past decade the so called "black zero" balanced-budget policy, drawn up by former Finance Minister Wolfgang Schäuble, served to implement massive attacks on the working class.

It speaks volumes about the class character of the EU that Scholz boasts that he already has secured the support of almost all European governments. "As a German government, we know that we are in harmony not only with our French friends, but also, for example, with Portugal and Spain and all the others who have spoken out," Scholz claimed.

In fact, the deepest health and economic crisis in a century is shaking the EU to its foundations, revealing intractable, historically rooted contradictions of European capitalism. A group of Italian mayors took out a full-page

ad in Germany's right-wing *Frankfurter Allgemeine Zeitung*, demanding aid for Italian debts and invoking Western Europe's forgiveness of Germany's Nazi war debts after World War II at the 1953 London conference.

At the same time, strategists of the financial elite are starting to discuss putting EU countries, which are highly indebted after a decade of bank bailouts to the super-rich, through state bankruptcy amid an upsurge of strikes and protests that has terrified the financial aristocracy. State indebtedness stands at over 150 percent of GDP in Italy, and 100 percent of GDP in France.

Le Monde carried a column proposing to prepare for defaults on sovereign debt by European countries by issuing "Senior Corona Bonds" (SCB). Investors could buy SCBs, *Le Monde* wrote, knowing that if a government "goes bankrupt, it will pay out first to the holders of the SCBs." Creditors could then try to demand that bankrupt states organize drastic attacks on wages, social spending, health systems and public schools.

EU bailouts, like the individual national bailouts adopted by its member states, are reactionary and must be rejected. Vast measures, essential to stopping the pandemic but opposed by the European bourgeoisie, will cost trillions of euros: supporting wages, jobs and pensions of the workforce and the livelihoods of small businessmen; producing hospitals, respirators, drugs and safety equipment needed to treat the disease; and funding for the development and distribution of a vaccine. Getting the money needed to save lives means taking back the obscene, multibillion-euro fortunes of Europe's financial aristocracy.

The force that can expropriate the super-rich is the European working class, mobilized in a common international struggle for socialism and to bring down the capitalist EU, replacing it with the United Socialist States of Europe.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact