

Europe in Crisis

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At the start of the last decade, in March 2000, the European Union heads of state announced the Lisbon Strategy. Its aim, by 2010, was to make Europe “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.” This would create “the conditions for full employment and the strengthening of regional cohesion in the European Union.”

As the second decade of the 21st century begins, the aspirations set forth in the Portuguese capital have evaporated. Instead of full employment, Europe is gripped by mass unemployment; instead of economic growth, there is stagnation; in place of cohesion, there is discord. Even the common currency, the foundation of the lofty plans of Lisbon, is in acute danger.

The Lisbon Strategy was the expression of widespread illusions that Europe, by means of EU enlargement and deeper integration, could catch up with or even overtake the US as a major power. This would happen entirely as a result of a united Europe’s economic power, without the social tensions and political and military conflicts of an earlier period.

These illusions found their clearest expression in a speech by then-German Foreign Minister Joschka Fischer (Green Party) in May 2000 at Berlin’s Humboldt University. Fischer called for the transformation of the European Union from a loose alliance of states into a federation.

Through the “close integration of their vital interests and the transfer of national sovereignty rights to supranational European institutions,” said Fischer, the European states would signal their rejection of the national conflicts that had torn apart the continent prior to 1945. Only in this way would Europe be able to “play its due role in the global economic and political competition.”

Since then, Fischer’s idea that Europe could be harmoniously organized on a capitalist basis has proven to be a pipe dream. In Paris, and especially in London, his proposal was interpreted as an attempt to subjugate Europe to the dictates of Berlin. The EU’s enlargement into Eastern Europe has turned out to be a double-edged sword. It has brought not only the expansion of the internal market, but also political strife and instability.

In 2003, the US attacked Iraq, dividing Europe. While the British and Polish governments fully supported the war, the German and French were opposed. The American administration used the conflict to drive a wedge between “old” and “new” Europe.

The European Constitution, what remained of Fischer’s concept, failed in 2005 at the hands of French and Dutch voters, who interpreted it correctly as an attempt to subordinate the

people of Europe to the dictates of the most powerful financial and economic interests. After a diplomatic and political tug of war that lasted several years, the basic framework of the European Constitution came into being in the form of the Lisbon Treaty. But by then, Berlin and Paris had largely lost interest. This was demonstrated in the appointment to the two new key positions—the council president and the European foreign minister—of secondary figures without any authority.

With the coming to power of Nicolas Sarkozy and Angela Merkel, France and Germany had turned again to a more independent foreign policy, with a stronger focus towards the US. In 2005, German Chancellor Gerhard Schröder (Social Democratic Party) had left office prematurely, amongst other things because his foreign policy orientation towards Russia had led to his increasing isolation. But the hope that Washington would respond with increasing concern for European interests has remained unfulfilled, even after the change from President George W. Bush to Barack Obama.

The international financial and economic crisis has now brought all the unresolved contradictions of European domestic and foreign policy to the surface. In the conflict between the US and China, which increasingly dominates the world stage, Europe is being pushed to the edge and torn apart.

The German and French governments are bitter that Washington decided on a massive expansion of the Afghan war without prior consultation with its NATO allies. On the one hand, they do not want to leave the strategically important region to the sole influence of the United States; on the other, they fear that in an ever escalating war they could become mere agents of the USA. The failure of the Copenhagen climate change summit, which Europe lays at the door of the American and Chinese governments, has caused further anger.

The economic crisis has laid bare the inherent weakness of the European economy. The huge budget deficits in Greece, Ireland, Italy, Portugal and Spain threaten to break the euro's back. So far, the common currency has prevented a massive devaluation and accompanying surge in inflation, but the high value of the euro, coupled with rising interest rates, makes it impossible for the Eurozone countries to overcome the crisis on the basis of the free market. Brussels has responded by calling for draconian cuts in government spending, particularly in the social sector.

Britain, which is not a member of the Eurozone, is becoming the sick man of Europe. Its economy is heavily dependent on the financial sector. In the last ten years, the number of manufacturing jobs in the UK has declined by 30 percent. Over the same period in Germany and France, the decline was far less, 5 and 10 percent respectively. To rescue the financial sector from collapse, the British government has taken on debt on a vast scale. The value of the pound has fallen correspondingly. Another banking crisis would quickly raise the specter of a British default on its sovereign debt.

For Germany, and, to a lesser extent, France, their relative economic strength has proven to be their Achilles' heel. Industrial production in Germany, as a percentage of gross domestic product, is more than twice the figure for the US. The relative strength of German industrial production is bound up with a massive increase in German exports. Over the past 20 years, Germany's production for export has risen from about 20 percent to 47 percent of GDP. Even China's exports account for only 36 percent of its GDP.

This large dependence on industrial exports has made Germany especially vulnerable to the impact of the international economic crisis. Last year, economic output declined by 5.3 percent. Engineering production is currently running at only 70 percent of capacity, and according to experts, the prospects for improvement are slim.

The German export industry is under massive pressure from both the US and China. The United States has exploited the low dollar and its low wage levels, established with brute force as part of the reorganization of the US auto industry, to gain a competitive advantage against its European competitors. Symbolic in this respect was the partial shift of production of the Mercedes S-Class from Germany to the United States. For its part, China is now pushing into market segments that were once the preserve of the Germans, due to their high quality standards.

The European and German elite are reacting to the growing problems and contradictions as they did at the start of the last century: with social and political attacks on the working class and with increasing militarism.

Many governments seem paralysed, given the growing foreign policy problems and internal conflicts. The Christian Democratic-Free Democratic government in Berlin has succumbed to internal squabbles since taking office in November. Chancellor Merkel has been accused on all sides of a lack of determination and weak leadership. But behind the scenes, there is an intensive search for new mechanisms of rule to facilitate the shifting of the consequences of the economic crisis onto the working class, the methods of social compromise having been largely exhausted.

It is in this context that the ongoing assault on democratic rights is being intensified, in part through the fomenting of terrorist scares and the stoking up of resentment against Muslims. Among those at the forefront of these reactionary efforts are the German Social Democrat Thilo Sarrazin and the former Socialist Party politician and current French Immigration Minister Eric Besson. The Swiss referendum against the construction of minarets has been followed attentively and sympathetically by these circles. Such measures represent an attempt to divert attention from class issues and mobilize right-wing layers of the middle class to be thrown at some point against the working class.

Working people must draw their own conclusions from the failure of the bourgeoisie's European plans. European workers must unite in order to defend their own social and political interests. They must fight for a socialist Europe, under the banner of the United Socialist States of Europe.

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