

The European Union Wants more Austerity

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The summit attended by 27 leaders of the European Union in Brussels tonight resembles a besieged fortress. Several of the participants are on their way out of office because the massive opposition to the austerity measures of the European Union has stripped away their electoral base.

Italy will be represented by Mario Monti, who officially resigned in December and suffered a severe defeat in the recent Italian election. The prime ministers of Romania, Bulgaria and Slovenia have been ejected from office by mass protests; as in the case of Monti they are only leading caretaker governments.

The governments of Portugal, Spain and Greece confront mass protests and strikes on almost a daily basis. In addition, the Spanish government of Mariano Rajoy has been undermined by a corruption scandal. The popularity of French President François Hollande has slumped since his election in May from 55 to 30 percent—a historic record.

Under these conditions, the EU Commission, in close cooperation with the German government, is trying hard to pledge the assembled leaders to continue their devastating austerity policies. Otherwise they fear the collapse of the single currency and the European Union itself.

In a letter to the participants of the summit, the president of the European Council, Herman Van Rompuy, wrote that the work done so far to restore the stability of the European economy was not enough. “Therefore, in 2013 we must continue to press on with structural reforms that will boost European competitiveness and will further reinforce confidence in the European economy. More can and should be done.”

Van Rompuy and his team at the summit have planned a several-hour-long open discussion in which leaders can accuse one another of their shortcomings. British Prime Minister David Cameron is to be held to account for the fact that his country will take on more new debt this year than Spain or Ireland. French President Hollande will be criticized for labor and social costs that are seen as far too high in his country.

In addition to a speech by the president of the European Commission, José Manuel Barroso, the president of the European Central Bank (ECB), Mario Draghi, is to address the meeting. Both are expected to remind the summit of the poor economic situation in Europe, which is in recession, thereby inciting leaders to undertake new attacks on social spending and workers’ rights.

The continuing recession and the growing opposition to the austerity measures of the European Union have caused sharp conflicts, particularly between Germany and France. The

differences are not about the basic direction of policy, but rather about tempo. All agree that the crisis be solved at the expense of the working class, against which they close their ranks.

The French government, in the words of its finance minister Pierre Moscovici, warns that present policies “risk a loss of social and political confidence across Europe”. It calls for growth incentives, adding: “We must not pile austerity on top of recession”. The German government, on the other hand, is insisting on full compliance with savings targets.

The French government has admitted that it will not meet its budget target for the year 2013. Instead of the original aim of 3 percent of new debt it is now projecting 3.7 percent. It will not implement significant additional cuts in order not to deepen the recession. One in ten adults and almost one in three young people are already unemployed in France.

President Holland has stressed, however, that he will continue the course of austerity. “The right economic strategy is to stay on this deficit reduction track without doing anything that can weaken growth,” Hollande said during a public appearance in Dijon. “That is the essence of the dialogue I have undertaken with the European Commission: to stay the course, nothing more, nothing less.”

Nevertheless, he has been vigorously attacked by the German government and the Bundesbank. Bundesbank President Jens Weidmann accused the French government of allowing its reforms to stall. “Particularly in the big countries it is important that there is a signal that the new [stability and growth pact] commitments are taken seriously,” he said.

In Germany, where a federal election takes place in September, the Conservative and neo-liberal parties in government are competing with the social democratic and Green opposition parties about who is promoting the harshest austerity measures.

In the presence of former Chancellor Gerhard Schröder, the SPD recently celebrated the tenth anniversary of its Agenda 2010, which created a huge low-wage sector and massively drove down wage levels. SPD parliamentary leader Frank-Walter Steinmeier boasted that Germany had thereby gained a huge competitive advantage over Italy, France and Spain.

According to an analysis conducted by the the US-based bank JPMorgan Chase, since the introduction of the euro the real exchange rate in Germany has fallen by 16.4 percent due to low wages, while the French rate has risen by 4.5 percent. This, the bank explains, is behind the success of the German export industry.

Every German party, whether in government or opposition is determined to continue this destructive race to the bottom at the expense of the working class. This is the cause of the growing tensions within the European Union, despite the fact that governments are largely in agreement when it comes to attacks on the working class.

The EU has only been able to impose its devastating austerity policies so far because the massive opposition to it has no independent political outlet. The responsibility lies with the unions and allegedly left and pseudo-left parties which suppress social resistance, divert it into harmless channels and—dressed up with a few critical phrases—defend the austerity measures the European Union.

In Italy, the Five-Star Movement of the comedian Beppe Grillo has benefited from the opposition to the austerity measures of the Monti government, because they were

supported by all the successor organizations of the Communist Party. Grillo was successful because of his fierce polemics directed against all the established political parties and the EU. At the same time he advocates a very reactionary economic program. (See, "[The political significance of Beppe Grillo's Five-Star Movement](#)")

In other countries—such as Greece and Hungary—fascist movements have gained influence under conditions where the ostensible “left” defends and supports the European Union.

Neither the trade unions nor the pseudo-left movements, however, can prevent the growth of social tensions in Europe to explosive proportions. The most urgent task now is the building of a new revolutionary party that provides the opposition to austerity with a progressive perspective and unites the workers of Europe on the basis of a socialist program.

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