

Why Europe's capitalist leaders cannot save the floundering eurozone project

The capitalist leaders of the European Union are incapable of resolving the ever deepening sovereign debt crisis afflicting many countries in Europe today. They are also hopelessly split on what measures to adopt in order to rescue the floundering eurozone project.

This current crisis was, however, entirely predicted by the Committee for a Workers' International (CWI – the socialist international organisation to which the Socialist Party is affiliated) as shown in the 2005 article below, reproduced from *Socialism Today*, the journal of the Socialist Party.

Europe in turmoil, a socialist analysis 18 June 2005

The current crisis is a vindication of the analysis of the Committee for a Workers' International (CWI) that the European capitalist classes are unable to unify Europe to construct a capitalist 'United States of Europe', as even some Marxists outside the ranks of the CWI believed.

The EU 'project' for greater economic and political integration was rooted in the pressure on the European capitalists from competition from US imperialism and, more recently, from China. This drove them towards increased collaboration and led to illusions that this would result in a politically unified Europe.

This trend, along with the process of globalisation of the economy and growth of multi-national and trans-national corporations, illustrated how the productive forces have outgrown the limitations of the national state and to a certain extent have even outgrown continents. The big companies increasingly look towards the world market rather than simply their national or regional base.

Yet, at the same time, this process has its limits and comes up against the insurmountable barriers of the separate nation states and the national interests of the capitalists...

Some thought that the process of EU integration and Economic and Monetary Union (EMU) represented the point of 'take off' for a unified

capitalist Europe. The CWI consistently argued that this was not the case.

Our analysis explained that although the process of integration of the EU went a long way, further than even we originally anticipated, at a certain stage a recoil would take place. This would result in renewed national antagonisms and conflicts between the various national states. This process of unravelling would worsen in the event of a serious economic crisis, recession or slump.

End of the euro?

The introduction of EMU and the euro was a political and economic gamble by the capitalists, pushed through in the teeth of some opposition from their own side, during the triumphalist wave which followed the collapse of the Berlin wall.

The ruling classes attempted to impose an economic union in the absence of an existing political union

Initially the Bundesbank opposed the introduction of the euro but was compelled to accept it in the light of the political pressure of the capitalist politicians who supported its introduction. The stability pact was introduced as a 'safety net', which was intended to prevent governments resorting to 'profligate spending'.



Workers from European countries protest against EU neoliberalism and austerity cuts photo Paul Mattsson

Yet, the whole idea of the euro was tailored to a situation of continued growth of the European economies, with no real account taken of what would happen in the event of a slow-down, stagnation or recession...

The ruling classes attempted to impose an economic union in the absence of an existing political union. As we explained at the time, this has never succeeded in the past. Without a political union, moving towards the establishment of a unified nation state, an economic union or currency could not survive indefinitely...

There is a vast difference between a federal state, such as the US, which can distribute funds to local state governments in a relatively easy fashion on the basis of an agreement and the EU. The distribution of resources or funds cannot be done in the same way, in a Europe composed of different nation states...

While an immediate collapse of the euro or the EU is not the most likely short-term perspective, the

sharp increase in political and economic tensions between the representatives of the various ruling classes will intensify...

However, the onset of a deep economic recession or slump or world financial crisis will sharpen these conflicts further and could provoke a relatively rapid collapse of the euro.

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Ruling PSOE battered in Spanish general election

Poisoned chalice of dealing with the crisis handed to PP

As widely expected, last week's Spanish general election saw the right-wing Popular Party (PP) win an overall parliamentary majority, although its percentage share of the vote barely rose from 43.9% to 44.6%. The misnamed PSOE's (Spanish workers socialist party) vote fell by over 4,300,000 compared with the 2008 election – its worse defeat in post-Franco Spain. However, there was a rise in the vote of Izquierda Unida (United Left) to nearly 1.7 million votes and eleven seats, up from two seats in 2008 (its worst result).

The vast majority of voters used these elections to batter the Zapatero PSOE government and its disastrous policies of cuts and obedience to the markets. But the PP will not improve

image not available

the economic or social situation facing the majority of people.

On the contrary, as Greece has shown, PP's more intense policy of cuts and austerity will worsen the crisis, the debt and the impoverishment of workers, the unemployed and youth.

The latest figures show five million people unemployed in Spain. September saw the biggest avalanche of job losses since the free-fall in the economy following the collapse of Lehman Brothers bank and the bursting of the construction bubble in 2008.

These results do not represent a turn to the right in society, as the bosses' media tries to make out. Despite its new majority, the PP won only 550,000 new votes, with its rhetoric of "change" and its deep ambiguity regarding its inevitable programme of cuts and attacks on living standards.

In contrast, 700,000 new people voted for the IU, which stood on a programme substantially further to the left than in previous occasions, with a more consistent position against the policies and dictatorship of the markets.

This, alongside the 330,000 first-time voters for Amaiur, a new radical left Basque nationalist formation, is much more significant both numerically and politically, than the rise in the PP's vote.

The election results also reflect a weakening of the monolithic two-party system, with a strengthening of smaller parties and the entry of at least three new formations into the parliament.

Unfortunately, those strengthened also include the far-right UpyD, which represents a certain

danger. A key task for the left now is to unmask this party as another formation of the rich and the markets, which offers no solutions to the problems we face.

The new IU seats are an important achievement. But the left MPs must build the social and workers' movements outside the parliament. They should also use their position to pressure the trade union leaders to break their criminal silence over the capitalist crisis and mobilise the power of the working class against cuts and neoliberal policies.

A general strike, built from below, must be the next step – the first step in the struggle to bring down the PP government and the dictatorship of the markets.

A new, mass, democratic left, with a revolutionary socialist programme of an alternative to cuts and the payment of the debt – of democratic public ownership of the banks and key sectors of the economy, and international struggle for a new society – could begin the fight for a new government of the working people. **Socialismo Revolucionario, CWI in Spain**