

# EU summit - no capitalist solutions to the spiralling eurozone crisis

As the capitalist politicians arrived in Brussels for the 30 January EU summit they were met with a clear and determined message from the Belgian working class – a magnificent 24 hour general strike – the first in the country for nearly 20 years – in defiance of the summit's austerity agenda.

German chancellor Angela Merkel wrote the cuts agenda of the summit in letters a mile high, when she arrogantly declared that “the debt brakes will be binding and valid forever” as she agreed the fiscal pact that is supposed to solve the Euro crisis. This is not a fiscal pact, but an austerity-max pact; an agreement to inflict untold misery on the working classes of Europe, in order to try and satisfy the vultures of the finance markets.

The capitalist classes of Europe are all adopting the same policy of attempting to make the working class pay for the capitalist economic crisis. In Britain, Cameron stood aside from the pact in order to pacify the right of the Tory party, but is implementing virtually identical policies.

The pact's ‘debt brakes’ are supposed to be written into the constitution of every participating country – making it illegal to run a deficit, with countries facing fines of up to 0.25% of GDP if they do so. This could never be fully implemented, Estonia is currently the only country in the EU that has a budget surplus; all others, even Germany, have a deficit. What is more the drive for austerity will do nothing to solve the Euro crisis, but will only fan its flames.

The eurozone as a whole is back in recession with unemployment reaching 10%, the highest level since the Euro was created. In Spain one quarter of the population is now unemployed. Young people are being written off as a ‘lost generation’ across the continent. In Italy youth unemployment is 28%, in Greece 43%, in Spain an appalling 51%.

In a continent of growing misery, the population of Greece face the most acute hell. Over the last two years 91% of the population have suffered a fall in income, of an aver-

age of one third. The nightmare the Greek population is suffering is summed up by the human tragedy of hundreds of families giving up their children because they can no longer afford to feed them.

Yet the conditions for the Greek bailout currently under negotiation are to inflict yet more cuts on the living standards of the Greek population, inevitably accelerating the deflationary spiral in which the country is trapped. The Euro summit largely avoided discussing Greece, the ‘elephant in the room’.

However, in the days before the summit a leaked memo from the German government declared that Greece's “disappointing compliance so far” meant that the Greek government should be forced to hand over control of all tax and spending decisions to a eurozone ‘commissioner’. This would have literally meant colonial rule of Greece, no different to the ‘governors’ who ruled the colonies of the British Empire. The memo has been re-treated from, but the reality remains little different, with the German capitalist class, as the strongest economic power in Europe, using the EU institutions to dictate terms to the countries of the periphery.

This offers no solution for the eurozone. On the contrary, as the Socialist has long argued, the eurozone's attempt to unify Europe on a capitalist basis will inevitably turn into its opposite. As the crisis has intensified so has the attempt to tighten the bonds of the eurozone.

As anger at ‘austerity Europe’ increases there will be growing demands for referenda to allow the people to vote on whether to accept the austerity pact. In Ireland our sister section is leading a campaign for a referendum to take place and for a ‘no’ vote. It is possible, as a result of a massive campaign to frighten the Irish working class about the consequences of being ‘out in the cold’, the ‘yes’ vote will be able to win a majority in a referendum. Incredibly it is being suggested that even if Ireland and other countries reject the treaty, it will only take nine of the 17 for it to go ahead.

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The attempt to tighten the bonds of Europe will inevitably result in an increase in the centrifugal forces – of nationalism and splits – which will pull the eurozone apart. Greece will be forced out of the eurozone, possibly very quickly.

The bond yields of Portugal have now reached 16%, as the financial vultures circle on their next prey, which they calculate will be forced to follow Greece. Spain and Italy, far bigger economies, also remain in clear danger. Meanwhile funds available to rescue countries remain highly inadequate, nowhere near what is needed to bail out Spain or Italy.

The capitalist classes of Europe will continue to scramble to save the eurozone, recognising the catastrophic economic consequences of it fracturing, or even worse a disorderly collapse.

The European Central Bank (ECB) has provided almost €500 billion to the banks at the end of December, in an attempt to counter the credit crunch. However, it is expected that banks will demand two or three times

as much when the next auction takes place at the end of February. The possibility is still posed of one or more banks collapsing, triggering a dramatic acceleration of the crisis.

The working classes of Europe have already shown their determination to resist austerity. General strikes and mass demonstrations have swept the continent. This movement needs to grow in the coming months. Determined resistance needs to be linked to a vision for a better future.

A socialist alternative needs to be put forward in every country of Europe – beginning with demands like: cancel the debt and nationalise the banks under democratic, popular control, and going on to explain the possibility of building a democratic socialist society capable of meeting the needs of all.

Without this there is the danger that right-wing, populist nationalists will seek to take advantage of the crisis by blaming foreign ‘enemies’ and migrants. It is high time for the workers’ movement in Europe to plan concerted action to rally opposition and go onto the offensive against capitalism.

## Pensions battle: Unions must campaign for coordinated strike action in March



At January's TUC Public Service Liaison Group (PSLG) meeting the leadership of Unison and the GMB confirmed their decision to sign up to the government's heads of agreement on pensions. The government had offered no real concessions on their previous position: that workers should work longer, pay more for their pensions and get less.

Given that unions who refused to sign have remained in the negotiations, it appears signing gained nothing. Even PCS, whose forthright rejection of the proposed outline agreement saw them excluded, have now been re-admitted to the talks on the civil service pension scheme.

In reality, the urgency of the leaderships of Unison and the GMB and others in signing was to send a signal to both the government and to their members that the dispute was suspended and there was no prospect of building on the incredible two million-strong public sector general strike on 30 November (N30).

Chancellor George Osborne's autumn statement threatened over 700,000 public sector job losses, widespread privatisation of

public services, crucially including the NHS, and a full frontal assault on workers' employment rights, including facility time for union reps.

So now is the time to fight. The cuts are being felt and their threat recognised. The RCN and BMA health workers' organisations are preparing to ballot. The National Union of Students has said it will call a walkout against the cuts and privatisation in education.

### Unilever

Workers in the private sector in Unilever, construction electricians and the Wincanton oil tanker drivers, to name but a few, are pushing ahead with strike action against attacks on pensions and pay and conditions. RMT members in the privately-owned Docklands Light Railway have forced a favourable bonus arrangement from the employer for work during the Olympics.

A defeat on public sector pensions would be a setback for the whole organised working class. But the struggle is far from over.

At the PSLG Mark Serwotka, PCS general secretary, invited the ‘rejectionist’ unions to

meet together to discuss the possibility of coordinating further action. On Wednesday 25 January PCS, NUT, Unite, Nipsa, UCU, POA and others met.

The Socialist Party supports the idea raised by at least PCS, NUT and UCU of a further one-day strike in March before the increased pension contributions are imposed on 1 April as a minimum. This should involve as many unions as possible including Unite, with members in health, local government and the civil service.

The strike of 750,000 workers on 30 June (J30) put huge pressure on the right-wing union leaders and made it virtually impossible for them to resist being involved on N30. Further action, even if smaller than N30, could act as a lever on Unison and the GMB, who could be balloting their members in health and local government on the government's offer at the same time.

A campaign to mobilise members for the next stage of this battle could counter doubts about the breaking up of the N30 coalition. But members of all unions should be encouraged to continue the struggle for coordinated action in March.