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## ***Merkel calls for EU militarism, financial austerity in reply to Macron***

In a Sunday interview in the *Frankfurter Allgemeine Zeitung*, German Chancellor Angela Merkel replied to proposals for European Union (EU) policy made by French President Emmanuel Macron in a speech last September at the Sorbonne in Paris. These proposals will be discussed in an EU summit in Brussels later this month.

For a half year after that speech, Berlin did not reply, as Germany's main bourgeois parties fought over how to form a government. In the meantime, the crisis of the EU has intensified. Not only is Washington threatening China and the EU with a potentially catastrophic trade war and threatening all-out war across the Middle East by scrapping the Iran nuclear treaty, but the EU's disintegration is accelerating. Two years after Brexit, a far-right government that is hostile to the euro has taken office in Italy, the third-largest EU economy.

At the same time, there are escalating protests and strikes across Europe, with mass protests against Macron's cuts in France, and strikes against wage austerity in airlines across Europe, as well as in the metalworking and automobile sectors threatened by US trade tariffs.

Thus, via Merkel's FAZ interview, the two largest EU powers were trying to coordinate a response to the prospect of the greatest combination of wars, economic shocks and class struggles since the EU's founding in 1992. But the EU is politically bankrupt. While Merkel endorsed Macron's calls for hundreds of billions of euros in new military spending and vindictive anti-immigrant policies, she did not resolve bitter conflicts that erupted

inside the European ruling class a decade ago, after the 2008 Wall Street crash, in the Greek sovereign debt crisis.

At the Sorbonne, Macron proposed a common EU military budget, an EU military intervention force, a common European Monetary Fund (EMF) for eurozone sovereign debt crises, and a common European investment fund worth hundreds of billions of euros. Merkel endorsed Macron's calls for a military build-up: "I am in favor of President Macron's proposal for an intervention initiative. However, such an intervention force with a common military-strategic culture must fit into the structure of defense cooperation." She called for more "European coordination" on foreign policy, especially on decisions for war.

Merkel signaled that this would mean Paris reorienting away from Washington and towards Berlin, however. Criticizing France's decision to join the United States and Britain in going to war in Libya in 2011, which her government did not do, Merkel said: "In the 2011 intervention in Libya and for a time during the strikes in Syria, the French preferred to deal with Britons and Americans rather than with more partners. That seems to be France's culture on waging interventions. But if you want to work with more partners, you also have to decide together."

Merkel endorsed the immigration policy of Macron, who passed a drastic asylum law effectively giving police veto powers over asylum proceedings, and called for a common EU refugee policy and migration authority. She said, "We need a common asylum system and similar rules governing the decision as to who gets asylum and who does not."

She called to reinforce the EU's Frontex border police, whose policies have left thousands of refugees to drown in the Mediterranean: "The EU border protection agency Frontex must in the medium term become a true European border police with European-wide powers. That means that the European border police must have the right to independently operate at the EU's external borders."

On Macron's financial demands, however, Merkel gave fairly little. She proposed a European investment fund controlling "tens of billions" of euros—10 times less than Macron wanted.

She endorsed calls for building an EMF as an alternative to the US-led IMF: "To reach a successful economy, we must stabilize the euro. The current instruments we have do not suffice yet, so we need a banking union and a capital market union. We also want to make ourselves significantly more independent from the International Monetary Fund."

She also indicated that the German parliament should retain its right to veto and impose further austerity measures in proposed EMF bank bailouts, as during the Greek debt crisis in 2009-2015. “The EMF should be organized on an inter-state basis, with the corresponding rights for national parliaments,” Merkel said.

Merkel’s replies put paid to whatever illusions existed among Macron’s supporters that his proposals would reshape the architecture of European capitalism. Ten years after the Wall Street crash and the eruption of the Greek debt crisis, it has nothing to propose but deeper austerity and attacks on democratic rights at home, and militarism abroad.

From the standpoint of European workers, moreover, Macron’s economic proposals are not an alternative to austerity dictated by Berlin. They amount to an attempt to use ultra-loose European monetary policy to finance investments that would build up favored start-ups in key sectors and try to make weaker EU economies more competitive with Germany. It is predicated on deep austerity.

In France, Macron is slashing wage and staffing levels in the public sector and increasing the resort to temp work to boost profits. Beyond privatizing the railways and planning cuts to health care and pensions, the French press reported yesterday that the Macron government is preparing a further €30 billion in cuts to state budgets, overwhelmingly focused on social spending.

The contrast between Macron’s financial demands and Merkel’s more modest response occupied the press, which worried that if a new euro crisis erupts in Italy that Merkel’s policy could harm the banks.

While Germany’s FAZ noted Merkel’s “moderate answer” and that Macron will now “understand that he cannot expect too much from the Germans,” France’s *Le Monde* wrote: “Those who thought that the German chancellor waited so long to reply in order to deliver a response in line with the size of her French partner’s hopes have been rebuffed. There will be no revolution in Germany.” It warned that the EMF as proposed by Merkel would slash the value of sovereign debt and private citizens’ bank deposits in bailed-out countries, “a recipe to which France is opposed.”

In the *Daily Telegraph*, Ambrose Evans-Pritchard noted that this proposal “frightens Paris, Rome and Madrid. Mrs. Merkel wants to enforce private sector haircuts and sovereign debt restructuring before any rescue. Former Italian finance minister Pier Carlo Paduan said such a plan would set off a self-fulfilling financial crisis.”

*Financial Times* columnist Wolfgang Munchau pointed to rising tensions between the German and southern European bourgeoisies. He proposed that Rome “consider

supporting the French president to impress upon the German chancellor the exorbitant costs of a German ‘no.’ Pedro Sanchez, the Socialist Party leader who was sworn in on Saturday as Spain’s prime minister, might help strengthen such an alliance.”

TF1 commentator Jean-Marc Sylvestre wrote that Merkel’s intransigence with Macron means that potentially Berlin might ditch the southern European countries, “take the initiative to leave the eurozone, and build around it a homogeneous bloc of pro-austerity northern European countries.”

Such conflicts point above all to the very advanced state of breakdown of European capitalism and the necessity, amid a new upsurge of the class struggle, to unify workers across Europe in struggle against all factions of the bankrupt European bourgeoisie.