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European economic crisis, military tensions overshadow G8 summit

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US, European, Japanese and Canadian heads of state gathered yesterday for a two-day G8 summit at Camp David, Maryland, to be followed by a NATO summit starting tonight in Chicago. The agenda was focused on fears of economic collapse in Europe amid rising popular opposition to social austerity measures, as well as escalating wars and military tensions internationally.

President Barack Obama met yesterday morning with French President François Hollande, who defeated incumbent Nicolas Sarkozy in a May 6 election that revolved around Sarkozy's support for austerity policies set by German Chancellor Angela Merkel. US Secretary of State Hillary Clinton also met with the newly-appointed French foreign minister, Laurent Fabius.

The two presidents reportedly discussed the European economy, the wars in Afghanistan and Syria, and tensions with Iran.

At a press conference after meeting with Hollande, Obama said: "We're looking forward to a fruitful discussion later this evening and tomorrow with the other G8 leaders about how we can manage a responsible approach to fiscal consolidation that is coupled with a strong growth agenda."

Obama was thereby signaling his agreement with the policy Hollande outlined during the French elections: the addition of a "growth component" to the European fiscal pact, which mandates draconian budget cuts across the continent.

The resulting policy would combine anti-working class cuts with expanded payouts to banks and a relatively small number of infrastructure projects, with the aim of avoiding the type of economic meltdown the European Union (EU) has forced onto Greece. With Greece's economy collapsing faster than it is able to repay its debts, the country's sovereign debt is rising towards 160 percent of its gross domestic product (GDP).

Calls for economic stimulus alongside austerity, in the name of a "growth policy," have met with opposition from Berlin, where Merkel declared last week: "Funding growth by going deeper into debt would take us right back to the beginning of the crisis." Some German officials are considering dealing with Greece, and perhaps other highly-indebted European countries, by expelling them from the euro zone. This means cutting off financing and forcing them to reintroduce their own national currencies.

EU Trade Commissioner Karel De Gucht said EU officials were working on contingency plans in case Greece left the euro zone.

Greek President Karolos Papoulias said in a phone call yesterday that Merkel had suggested Greece schedule a "referendum on euro membership" alongside the June 17 elections that were called after Greece's political parties failed to form a government following the May 6 poll.

A German government spokeswoman subsequently dismissed Papoulias' account as "false." Following the German statement, Greek government spokesman Dimitris Tsiodras told the BBC that he had "nothing to add" to Papoulias' report.

At their joint press conference, Obama and Hollande opposed plans to expel Greece from the euro zone. Hollande said, "We have the same conviction that Greece must remain in the euro zone."

Hollande, who made no criticisms of Sarkozy's foreign policy during the election campaign, signaled that he would maintain Sarkozy's close alignment with US imperialism on military matters. Before leaving for the US, Fabius cynically commented, "Officials change according to election results, but French interests remain."

In his White House meeting with Obama, Hollande pulled back from election pledges to withdraw France's 3,400 troops in Afghanistan by the end of 2012, saying he would evacuate only "combatant" troops. This leaves open the possibility that French troops will stay on as trainers.

Hollande also said that France had "shared views" and promised to "start a conversation" with the US on Iran. Iran and the NATO powers' escalating intervention in Syria are reportedly slated for discussion at the G8 summit today, as well as the security situation in Myanmar.

These discussions underscore the broad international impact of rising popular opposition to austerity policies. In particular, expectations that Greece's June 17 elections may produce a government headed by SYRIZA—a petty-bourgeois "left" party that has proposed to halt further austerity measures and renegotiate Greece's debts with the EU and the banks—are escalating global tensions.

Yesterday, SYRIZA head Alexis Tsipras told the *Wall Street Journal*: "Our first choice is to convince our European partners that, in their own interest, financing must not be stopped… If they proceed with unilateral action on their side, in other words, they cut off our funding, then we will be forced to stop paying our creditors, to go to a suspension in payments to our creditors."

Tsipras is apparently making an appeal to Washington, Paris and like-minded powers to press Berlin to agree to broader bailouts and a somewhat slower imposition of social cuts. Calling for a "European solution," he said: "Whatever we do, things will be difficult. But it will also be difficult at the same time for all of Europe because the euro will collapse" if Greece's funding is cut off.

Neither Merkel's demand for deep and immediate cuts nor Obama's and Hollande's proposals for combining cuts with more bank bailouts and token infrastructure projects offers a way forward for the working class. They are at best different forms of pillage. Both policies use rising sovereign debt to justify brutal social cuts and massive payoffs to the banks responsible for the financial crisis that broke out in 2008.

Some bourgeois commentators oppose forgiving Greek debts largely on the basis that it would discourage continuing social cuts across the rest of Europe. Thus, Michael Gerson writes in the *Washington Post*: "Greece could default within the euro zone and have much of its debt written off. But… what message would it send to Italy, Spain, Ireland, and Portugal—all undertaking difficult austerity programs—if the European Union provided special treatment to its least trustworthy member?"

The critical question facing the working class is developing a revolutionary socialist leadership to oppose the banks' assault on the international working class—including proposals to continue the attack in the guise of "growth" policies worked out between Wall Street, Athens and Paris.

The ruling class is, for its part, making preparations for escalating repression and war against rising opposition in the working class. Yesterday, Italian Interior Minister Annamaria Cancellieri cited risks of "escalation" of protests and strikes to justify "emergency security plans" jointly formulated by Italian intelligence, police and military officials to deploy armed forces to suppress opposition within Italy.

At the same time, as the discussions of war in Syria and Iran make clear, the European and American powers are preparing for escalating imperialist wars abroad—in the Middle East and, ultimately, against other opponents.

The French financial daily *Les Echos* warned of falling European military spending as a result of the crisis, citing the fact that "other economic and military powers like Brazil, China and India are emerging." The newspaper continued: "These countries, as [NATO General Secretary Anders Fogh Rasmussen] correctly points out, 'have no interest in putting in question the global order that allowed them to build their own prosperity.' But these countries, like Russia, while not blocking the military operation in Libya led by France and Great Britain with NATO and US support, did not support it either… Their interests do not always coincide with those of NATO."

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