

The G20 Meetings: The European Union is in Tatters

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The only voices expressing the will of Europeans and showing a way out of the current crises are in the madding crowds outside the G20,

Recall the self-satisfied EU celebrations of recent years – the inauguration of the euro and the famous blue Euro passport, the accession of all the Eastern European and ex-Soviet statelets, the gloating as the euro steadily revalued. Fortress Europe was strong and united at last. The 21st century belonged to the new Old World .

But then a few cracks began to appear in the shiny facade. The Poles, especially, carped about just about everything – the thought of giving up their precious zloty (boy, are they sorry now), the EU farming rules, the lack of Euro-support for US wars, and the Euro-cowardice in facing down the Russian bear. They and the Czechs revealed Fortress Europe for what it was by welcoming US missile bases, provoking the Russians into threatening to make Europe once again the world’s nuclear battlefield. Kosovo managed to divide even the big boys, with Spain refusing to recognise this latest US-German plaything, and ratcheting up the tensions between Serbs, Croats – even the Slovenes. The Balkan cauldron is as hot as ever.

The world financial meltdown was the proverbial straw that has left the Euro-camel paralysed. The collapse of the government of the Czech prime minister – the Euro-president himself – was a fitting symbol for the collapsing house of cards. No doubt someday there will be a musical about this Euro-Camelot, this once-and-never-land.

The comeuppance of Czech Prime Minister Mirek Topolanek was not the result of his recent snub of US President Barack Obama (he called Obama’s stimulus spending “a way to hell” that will “undermine the stability of the global financial market”). Rather it was the modest but unflagging campaigning by the Czech Nonviolent Movement (CNM), which has been fighting the installation of the US missile base outside Prague for two years now. They mounted an ongoing series of nonviolent actions – petitions, hunger strikes, rallies, protests, electioneering – building a grassroots campaign uniting the 70 per cent of the Czech population who oppose the base, nibbling away at the right-centre majority till it finally fell.

CNM organiser Jan Tomas called for “all invading armies to withdraw from all occupied territories” (you can fill in the blanks), and for nuclear disarmament. “Now in the Czech Republic a new chapter of our struggle begins.”

Topolanek is welcoming Obama to the G20 meeting in London as the European president and hosting Obama a few days later at a US-EU summit in Prague . Obama will then go to Strasbourg for NATO celebrations. Topolanek’s undiplomatic remark actually represents the EU consensus and is surely not so far from the mark. Obama’s ad hoc measures to deal with

the crisis have been praised by almost no one but the bankers, who are being treated to trillions of dollars with no assurance that this massive bill will do any good whatsoever – except of course for the bankers. One-third of his stimulus package is in the form of tax cuts and is unlikely to have any long-term effect.

Not that the Eurocrats are coming up with anything more likely to succeed. The EU is a hodge-podge of very different states with radically different governments and economies, with no parallel Europe-wide budget to allow for fast and broad stimulus measures. The US budget deficit will be 10 per cent of GDP this year and the next and the next. This is impossible for the EU, which has a 3 per cent limit per country and which, unlike the US, cannot print its currency as if there was no tomorrow.

Much of the trillions that Obama is spending is in fact seeping into Europe, adding to the steady US dollar inflow over the past half century, leaving Europe awash in dollars. For Europe to notch up the euro-printing press would be foolhardy in the extreme. The EU counts on exports as a stimulus to the economy, like Asia, something the US abandoned long ago. Though the subprime craze infected Europe too, its financial woes stem primarily from the US with its unbridled consumerism and wars, and will never be solved until the US puts its own house in order, balancing its budget and its trade, something that Obama has made no hint of doing.

Adding the eastern non-economies to the EU merely compounded its problems. European institutions invested very heavily in these “emerging markets” and the financial crisis has led to a withdrawal of capital from such regions back to the centre, exposing investors to large losses. It’s no coincidence that the US dollar rose over the past six months, despite the terrible shape the US economy is in, or that the European leaders are unwilling and unable to commit to major stimulus measures for the EU as a whole. What was touted even a year ago as a joyous community, a big happy family, is now a dysfunctional one, complete with sibling rivalry, spoiled brats and marital strife.

This year’s G20 inspired protests across Europe. Tens of thousands marched through Berlin, Vienna, Paris and other European cities to demand action on poverty, job losses and climate change. In London, 35,000 protesters gathered to Put People First on 28 March, bringing together more than 100 trade unions, aid agencies, religious groups and environmental organisations to call on world leaders to commit to real reforms. “Never before has such a wide coalition come together with such a clear message for world leaders,” said Brendan Barber, the general secretary of the Trade Union Congress. “The old ideas of unregulated free markets do not work and have brought the world’s economy to near-collapse, failed to fight poverty and have done far too little to move to a low-carbon economy.” The protests culminated on 1 April – Financial Fools Day – with a movement called “Storm the Banks” focusing on the Bank of England.

In Paris, demonstrators dumped a pile of sand outside the city’s stock market to mock the use of island tax havens. Whether or not the G20 leaders took note, the only real progress at the G20 was in fact a concerted attempt to address this practice, though the havens are resisting fiercely. The Swiss foreign minister called German Finance Minister Peer Steinbrück a “Nazi henchman”, and the *Sunday Times* revealed that Lord Myners, the minister in charge of the British government’s “assault” on tax havens, has 250,000 pound sterling in an offshore shelter in Jersey. Myners recently met Jersey officials who now say they have “nothing to fear” from any tax haven crackdown. Past attempts to take on the tax havens

failed, and it is far from certain that this one will succeed.

The G20 is ignoring the urgent issue of global warming, but the demonstrators did not. Organisers of the largest group, Camp for Climate Action, compare carbon trading to the subprime boondoggle. Important decisions about climate change are being left to the market despite the fact that it is controlled by the biggest polluters teaming up with the same financiers who brought economies crashing down, argues Peter McDonell in *The Ecologist*.

These voices of protest are the ones showing the way out of Europe's present chaos, not the voices mouthing the same old tired platitudes at the G20, the special US-EU Summit or the upcoming NATO celebrations. Topolanek can badmouth Obama as much as he likes. It makes no difference. He would do well to leave behind his 500 retainers and together with his Czech nemesis step outside their armed fortresses, dispense with their tear gas and tasers, and spend a night camping out with Climate Action or at least listening to the likes of Tomas and Barber.

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