EU summit boosts the 'dot.com' bubble

by Jacques Cheminade

The European Union summit in Lisbon, Portugal, on March 23-24, announced plans for a yearly 3% economic growth rate, based on investments in the Internet, deregulation of the labor market, and further "neo-liberal" dismantling of the state's role in the economy. The final statement's grandiose predictions that Europe will "become the most competitive and dynamic knowledge-based economy" in the world, are a lot of hot air. In fact, the meeting was a resounding defeat for Europe's nation-states, and a victory for British Prime Minister Tony Blair's "Third Way" policy of "compassionate" austerity and the destruction of productive industry.

Spanish Prime Minister José María Aznar, at the end of the summit, said that he was delighted that a "liberal wind" is blowing across Europe. Before the meeting, most of the European papers reported that, due to the inability of the German and French governments to come up with any common approach, "a Blair-Aznar tandem" has taken over Europe, with the support of European Commission President Romano Prodi of Italy, more Anglophile than the British.

The result is that any pretense of defending either the German social market economy or the French state-regulated approach, was thrown out the window.

First, the summit called for an economy based on "knowledge," meaning the "information society." Second, this is to be accomplished by a "disengagement of the state," whose role should be limited to "helping supply the manpower that is best adapted to the technologies of the new economy" and to "eliminating the legal and administrative constraints on private initiative." For that purpose, "all the schools of the European Union should be provided with access to the Internet and multimedia resources before the end of the year 2001," and "the telecommunications markets should be, by that same date, fully integrated and liberalized." Third, this is to be accomplished through "deregulation of the European labor market." Fourth, the employers of cheap labor, "unskilled and poorly paid," should benefit from fiscal cuts. Fifth, the remaining public monopolies should be dismantled and privatized. The French delegation was compelled to agree that "this adaptation has to take place," and dared only gain a little time to dismantle its energy, transportation, and postal monopolies.

Thus, the Europeans have sold their countries to the Internet-based "new economy," just as that economy is about to blow sky-high.

How was such capitulation possible?

How could the French and German governments, in particular, have so betrayed their nations?

In the case of Germany, the political destruction of former Chancellor Helmut Kohl—the man who engineered Germany's reunification and was supposedly the strongest German politician—sent shivers down the spines of those in the current government of Chancellor Gerhard Schröder. "If they can do that to Kohl," they thought, with regard to the scandals launched over the financing of his Christian Democratic Union party, "just think what might happen to us Social Democrats!" Schröder understood very well, after his intervention to save the Philip Holzmann construction company from bankruptcy last year, that he could expect nothing good from "the markets," and so he let other branches of German industry be fed to the wolves—like the takeover of Mannesmann by Britain's Vodafone, and the credit cutoff to the small customers of the newly merged Deutsche Bank and Dresdner Bank. To make certain that Schröder got the message, his nose was rubbed in Austria's "Haider scandal" (a populist leader of a party in the ruling coalition, Jörg Haider, was falsely accused of being a neo-Nazi), replete with warnings against a "possible pan-German revival," should Schröder step out of line.

In France, the government of Lionel Jospin is threatened by the return of Alfred Sirven, the former moneybags of Elf-Aquitaine, who has supposedly been found in his Philippines hideout, and has "enough to say to bring down the whole French elite." And all of a sudden, when Jospin refused to lift the French embargo on British beef and American hormone-treated meat, the media discovered that his government suffered from "sclerosis." When he started to talk about the need for a real European social policy, under state regulation, the media went after him. The man who just yesterday was promoted by *Newsweek* as "the author of a new French miracle," became a loser, capitulating to the pressures of the street, unable to impose budget cuts on civil servants. The president of the European Central Bank, Wim Duisenberg, accused Jospin of being the only head of a European government to make use of a budget surplus to benefit the less well-off, instead of "cutting expenses, to the benefit of private employers, so that they would create jobs." Not only did Jospin feel compelled to keep a low profile at Lisbon, but he shook up his government, bringing in notorious figures from the François Mitterrand era, like the new Finance Minister, Laurent Fabius, and the new Education Minister, Jack Lang.

Jospin brought the *Mitterrandistes* back in, along with an ecologist and a communist, because he calculates that, in the April 2002 Presidential elections, it would be better to have them under control, than running around loose. Meanwhile, Chirac wants to make friends with Aznar and Blair, so as to corner Jospin. And Schröder hopes that by bending, he can maintain himself in power—even if it is at the expense of crumpling his Armani suit.