



MUST DO MORE Angela Merkel
and Wolfgang Schäuble. BELGA

Obligations and responsibilities

No one is blameless in the eurozone's crisis – and certainly not Germany, writes [Ana Gomes](#)

Dear German friends,

The European Union was created to avert war, integrating Germany in a solidarity project of progress and democracy. Watching Europe about to fall off the cliff today, let us state clearly: if the euro fails, the EU will disintegrate. And you, our German friends, will miss the golden goose that paid for your reunification and ensures your prosperity. Without the internal market and the euro, Germany will lose influence, markets and a friendly neighbourhood. The responsibility will mainly be yours, for not assuming the obligations of the EU's strongest and wealthiest power.

Populist politicians and media have sold you the idea that the Portuguese, Italians, Greeks and Spaniards are otiose PIGS wallowing in waste. They do not tell you that our governments, banks, companies and citizens were encouraged to become dangerously indebted by your banks, your businesses, your official representatives, and by all who made the euro extremely affordable, at low interest rates, and who encouraged us to procure submarines, cars, equipment and diverse technology we probably did not need. And to buy all of that in Germany, of course. Through many contracts designed to rip off our state coffers, contracts accompanied by bribes, fictitious offsets, payments in tax havens (to corrupt people among our ranks and your ranks) and more. There are plenty of investigations under way questioning the involvement of Deutsche Bank, Siemens, Man/Ferrostaal, Daimler, Infineon, Volkswagen, Ratiopharm, Linde, and others in our countries and in

the US, Argentina, South Africa, India and elsewhere.

The lack of competitiveness of our economies is not just our fault: in recent decades, the EU has de-industrialised itself, and paid farmers not to produce and fishermen not to fish. Many of our workers and your workers have been replaced by an inexhaustible labour force in China. And now that we do not have factories, agriculture or boats, German companies are coming to pick up our young qualified but jobless professionals (who are, by the way, also useful to contain your pay levels).

The euro may fall apart tomorrow: no matter how many summits they convene, the wizards leading EU governments cannot control the witchcraft that they set loose in the financial markets.

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After the shock of Lehman Brothers' collapse, your banks understood they should get rid of the toxic sub-prime loans they had carelessly accumulated. But they could not ditch in time the treasury bonds issued by our states before your chancellor, Angela Merkel, devalued them by insisting that sovereign debt could not be bailed out. In the end, Greece, Ireland and Portugal were bailed out. Speculators then realised that it was worth speculating against the euro. Later, by

demanding 'haircuts' from the private sector in the Greek bail-out, Merkel again fuelled speculation: interest rates soared and the contagion progressively spread in the eurozone.

Speculation is now bending the backs of Spain and Italy and is already threatening France. It is pressing that Germany let the European Central Bank (ECB) assume the role of lender of last resort for member states of the eurozone. In fact, the ECB is already intervening, by buying debt from investors, instead of directly from states. There is no point in relying on the reinforced 'firepower' of the European Financial Stability Facility, which has been discredited by the pathetic appeals it directed to the Chinese, which were rebuffed.

The Portuguese are making sacrifices to put their national accounts in order – and are doing so dangerously, disregarding social equity, by swallowing huge doses of recession-making austerity dictated by our right-wing government, which excels in being more 'troika-ist' than the troika made up of the European Commission, the ECB and the International Monetary Fund.

But austerity alone will not pay for the debt. We need a strategy and investment to relaunch growth and employment. We need cohesion and convergence policies to counter the still-increasing macroeconomic imbalances between members of the eurozone. For your budget surpluses, dear German friends, are in fact the mirror image of our deficits.

So that you will not have to subsidise us infinitely, let us then mutualise the debt in the eurozone, in order to enable PIGS to return to markets at affordable rates, respecting rules of course but benefiting from the triple-A rating that you and a few others still enjoy in the eurozone. Call them Eurobonds, stability bonds or whatever you would like.

We want more Europe, including a fiscal union, against tax evasion and

fraud and against the fiscal dumping that prevents our states from collecting taxes from companies that have located their holdings in Luxembourg or the Netherlands in order to pay less tax and avoid declaring the proceeds of business done around the world. We want a financial transaction tax, as proposed by your finance minister, Wolfgang Schäuble: aside from the resources that it will generate to invest in our economy, it would prevent more capital draining away into offshore jurisdictions.

Your government has been forced to move backwards successively on matters it deemed unthinkable, so that the EU has repeatedly reacted too little, too late. But now the German government is pondering a fast-forward escape: a quick and limited fix of the EU treaty, to impose automatic sanctions against those who do not comply with the rules of the stability and growth pact (which, by the way, Germany and France pioneered in violating in 2004-05).

However, a treaty change is not necessary: the Lisbon treaty allows ample room for the EU to push forward political and economic integration. It merely lacks implementation. Our peoples, exasperated by the crisis and European inaction, are not at all inclined to deal with treaty change now and will not be able to understand if we waste time on it. The European Parliament has warned already that it will not embark on any treaty change without due democratic process: a convention involving the Parliament and national parliaments. That can never be quick, or limited.

Dear German friends: we did not build the EU to see it now agonise, at the mercy of dubious Merkozy prescriptions. Tell your leaders we support a European Germany, but will never swallow a German Europe.

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