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By Will Morrow
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EU Summit agrees to €750 billion fund for the banks and corporations

After nearly five days of acrimonious negotiations inside the 27-member European Union (EU), the EU Summit announced that a deal had been reached early Tuesday morning for a financial stimulus programme funneling €750 billion to the banks and corporations.

The stimulus, along with a new, seven-year €1 trillion EU budget, were near-universally hailed as "historic" and a sign of solidarity amid a pandemic that has already killed nearly 200,000 people in Europe. French President Emmanuel Macron tweeted: "A common loan to respond to the crisis in solidarity and to invest in our future." Spanish Socialist Party Prime Minister Pedro Sanchez called it "an authentic Marshall Plan."

In reality, the summit resembled nothing more than a group of criminals finalising a new mechanism for robbery of the population.

The bailout will not be used for investments in health care, jobs or social programmes to fight the pandemic or ward off threats of mass sackings and a global economic crisis. It aims to provide a new revenue stream for EU states to give handouts to corporations, boost the stock market, and shore up the wealth of the super-rich, while enforcing austerity across the continent.

Global share markets rose on the announcement of the deal. Germany's DAX rose 1.7 percent, putting it in positive territory for 2020, and France's CAC-40 1.2 percent. *Fortune* magazine summarised the celebratory response in the financial elite: "With more than 100,000 Europeans dead from the virus and an economy to rebuild, investors were looking for a display of unity to sustain the rally in stocks."

Under the agreement, the EU Commission is empowered for the first time to borrow directly from the financial markets on behalf of all EU member states. Of the €750 billion total, €390 billion will be allocated to individual EU states as grants that need not be repaid, with each country receiving funds proportionate to the impact of the pandemic on their economy. The remaining €360 billion will be loans whose repayment conditions are still unspecified.

What is clear is that the money will be paid by the working class in the form of cuts to essential social programmes and infrastructure. Like after the 2008 crash, access to funds is tied to structural "reforms." Member states must first submit national reform plans to the EU. If any member state considers that austerity policies are not proceeding quickly enough in another state, it can enforce an "emergency brake" on the funds. The brake is limited to a maximum of three months, while the EU Commission decides whether the "reforms" go far enough.

The "structural reforms" overseen in Greece over the past decade by the Troika—the International Monetary Fund, the European Central Bank and the EU—are to be extended across Europe to repay the trillions handed out to the rich.

This EU Summit was almost the longest in history. Initially scheduled only for the weekend, it was unclear whether any agreement could be reached at all. Opposition to a deal initially mooted by Berlin and Paris came from wealthier northern European countries, particularly the Netherlands, Denmark, Sweden and Austria, which initially rejected any issuance of common debt that would go in greater proportion to poorer southern European countries, chiefly Italy and Spain. Italy is set to receive approximately €82 billion in grants and €127 billion in loans.

A deal was only brokered after the proportion of the €750 billion to be handed out as grants was cut from €500 billion to €390 billion. In addition, all four countries obtained additional rebates reducing their annual net contributions to the EU budget. With Germany, they will collectively receive over €50 billion in rebates over the next seven years.

The politically criminal, anti-working-class character of the agreement is shown by one element that was largely overlooked by the media. The deal slashes extra EU-wide funding for scientific research and health care that had been part of the initial proposal only two months ago by the EU Commission.

The seven-year budget includes €81 billion on Horizon Europe, the main European research programme, €13.5 billion less than two months earlier. Much of this funding goes towards venture capital investments in European technology companies, not towards actual scientific research. Additionally, the European-wide health care programme EU4Health was slashed from €9.4 billion to €1.67 billion proposed in May—amid the greatest pandemic in a century.

Marta Agostinho, the coordinator of EU-Life, an alliance of 14 life-science research institutes, commented over the weekend: "In a time when politicians and citizens look to science to find the miraculous solution to the COVID-19 crisis, the top leaders decide to cut the research budget—how insane is this?"

This decision is all the more criminal in that the EU Summit took place amid growing signs of a renewed upsurge of the virus in Europe. More than 4 million inhabitants of Barcelona have been asked to confine at home, while France today made masks compulsory in all public buildings, as Health Minister Olivier Véran announced this weekend that there are more than 80 active clusters across the country. The response of the European ruling class is to hand themselves hundreds of billions of euros, accelerate austerity, and intensify their militarist foreign policy.

The main proponents of the deal and the creation of a common borrowing mechanism that underpins it had been Berlin and Paris. France and Germany view this as essential for the development of an aggressive military and economic policy independently of and in opposition to China and the United States.

During his press conference with German Chancellor Angela Merkel yesterday, French President Macron stated: "We have succeeded in changing something fundamental on this occasion, together, on the basis of an initiative that is to borrow in common and to have a true mechanism of budgetary transfers and solidarity, which never existed before."

The aggressive imperialist strategy behind this policy was stated by Humboldt University professor and economist Marcel Fratzscher, for German news magazine *Der Spiegel*. "Germany is the big winner of the agreed programme, even if many in this country don't want to see it that way at the moment," he wrote.

He explained, "Towards China and the USA, Germany will only be able to protect its interests as part of a strong Europe. The two largest economies in the world are becoming more and more nationalistic and are less and less afraid of conflicts with Europe and especially with Germany. We have to be aware that Germany is a small economy globally and cannot stand up to either China or the United States alone. The EU reconstruction fund therefore forms the basis for the long-term transformation of a bipolar to a tripolar world order in which Europe has a firm place.

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