

The Failed Project of Europe

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There is a stereotypical image of an abusive husband, who batters his wife and then beats her even more mercilessly if she dares to protest. It is self-evident that such violent behaviour reflects a failed relationship, one that is unlikely to be resolved through superficial bandaging of wounds. And it is usually stomach-churningly hard to watch such bullies in action, or even read about them.

Much of the world has been watching the negotiations in Europe over the fate of Greece in the Eurozone with the same sickening sense of horror and disbelief, as leaders of Germany and some other countries behave in similar fashion.

The extent of the aggression, the deeply punitive conditionalities being imposed as terms of a still ungenerous bailout and the terrible humiliation and pain being wrought upon the Greek people are hard to explain in purely economic or even political terms. Instead, all this seems to reflect some deep, visceral anger that has been awakened by the sheer effrontery of a government of a small state that dared to consult its people rather than immediately bowing to the desires of the leaders of larger countries and the unelected technocrats who serve them. There was also anger directed at the people themselves, who dared to vote in a referendum against the terms of a bailout package that offered them only more austerity, less hope and continued pain in the foreseeable future, just so that their country can continue to pay the foreign debts that everyone (even the IMF!) knows simply cannot be paid.

The response went beyond completely ignoring the will of the Greek people as expressed in the referendum, to insist on pushing even worse conditions on them for their resistance. There was clearly a need to punish both the Syriza-led government and the Greek voters for daring to protest, by forcing upon them the most appalling and humiliating terms that have been seen in a non-war situation for a European nation, for the increasingly dubious advantage of staying within the eurozone.

Greece will become an economic protectorate, indeed little more than a colony of Germany within the Eurozone. It will have no control over its fiscal policies, forced to sell valuable public assets that amount to more than a third of annual national income just to keep trying to pay its creditors. It will have to reverse decisions made in the recent past to preserve some public employment such as of cleaning and sanitation workers and security guards, whom it will now have to fire again, and will have to cut pensions of elderly people who have already seen their pensions fall by 40 per cent. It will have to increase indirect taxes that will hit the poor most.

It will have to accept the constant presence of the external rulers, in the form of an IMF team that will monitor the budget and the activities of the Greek government, who are not any more to be trusted by the European leaders. Since the troika has thus far not been able to push Syriza out of power, they are now seeking the alternative of a much weakened party in government (soon no doubt to become a "government of national unity" with the support of centrist and right wing MPs) under the direct political control of the (mostly unelected) European bosses. And of course the result of all this austerity will be more depression, in an economy that has been spiralling downwards for more than five years, which will further generate terrible social outcomes, including the greater rise of extreme rightwing movements like the Golden Dawn. This will be a really prolonged Greek tragedy, with no clear end in sight.

European leaders constantly project the Greek case against other countries in the Eurozone that are supposed “success stories” of austerity, economies that took the bitter economic medicine and now apparently have got well again, like Ireland, Spain and even Latvia. This is complete nonsense. None of these countries faced austerity as severe as that which has already been imposed on Greece. The much vaunted “recovery” in these countries amounts to no more than a tiny increase in GDP after years of huge declines. There have been small increases on the completely depressed levels of income that are still much below the per capita incomes of five years ago. Unemployment rates remain very high, and would be even higher if the emigration of the young and of the best and brightest in these societies had not kept labour force numbers low. Material insecurity and greater poverty are still rampant.

These economies are being presented as successes only to promote a finance-driven approach to economic policy, and to camouflage the greater failure of the Eurozone and the European Union in general in coming out of stagnation.

The terrible irony in Europe today – and the major concern – is that it is the extreme rightwing parties in Europe (the National Front in France, the UK Independence Party) and parties like Beppe Grillo’s [Five Star Movement](#) in Italy that are the loudest voices about how this is a betrayal of the people’s will and how the EU as it exists is incompatible with democracy. Centre Left parties are too bound up in the flawed European project to protest, and more progressive movements like [Podemos](#) in Spain are in a state of shock. Indeed, the desire to prevent the rise of such progressive parties has probably played a big role in determining the aggressive stance of the EU.

Why did the Syriza government agree to accept this defeat, behaving, as some observers have described it, like a beaten dog? The not-so-distant experience of Argentina’s devaluation in 2001 suggests that it is very hard to get popular support for the collapse of a currency union (or currency board linked to the dollar in the case of Argentina) because of the feelings of uncertainty it generates in addition to the inevitable massive devaluation. These things typically happen when they are forced upon countries, not voluntarily taken on.

But this drama is clearly not over, and as it becomes clear over the next few months that this so-called deal cannot and does not work, this will inevitably come unstuck. It is only to be hoped that the Greek government is making some preparations to make the eventual exit from the euro less disorderly than it could be.

Whatever happens, the economic and political landscape of the European Union is now changed fundamentally. The humiliation of Greece today will come back to torment European leaders tomorrow. The co-operative ideal of a united Europe is demolished forever, and the reality of the project as a measure in the interests of finance capital, enforced by the German state and fundamentally at odds with any real attempt at people’s participation, is now laid bare.

So there’s now no question about it: this European marriage will not last. At least three reasons make this denouement inevitable. First, a monetary union without some modalities for fiscal transfers cannot last because the requirements placed on deficit countries to adjust are too severe and essentially unachievable; yet the pressure in Europe are pushing towards the opposite of fiscal union. Second, this strategy in any case generates severe deflationary pressure in which the only impulse for expansion must come from outside, that is net export growth, and even that cannot prevent stagnation, which means worse labour market conditions, worse prospects for the young, more inequality and so on. Third, the growing tension between these institutions and popular reaction cannot be completely controlled by finance capital and its agents. The political tensions can be expressed from the left (like Podemos) or the right (like the Front National) but they are definitely growing across Europe

and sooner or later they will find some reflection in policies. In the current context that implies not greater integration but disintegration in Europe.

The only questions now are: how long will it take before the breakdown becomes explicit? How much more pain and violence will be forced on people across Europe before that final break? And how long will German government bullying in the interests of finance capital be tolerated by the people of Europe and ultimately by the people of Germany themselves?