

Europe: Final Crisis?

1. *This is only the beginning of the crisis*

Within one single month, we have witnessed Prime Minister Papandreou's revelation of the "real" Greek debt, which had been manipulated by his predecessor with the help of Goldman Sachs; the announcement of his country's inability to repay hugely increased credit interests; an expansive European rescue loan offered to him on the condition of devastating budget cuts; all this soon followed by the "downgraded rating" of the Portuguese and Spanish debts, a threat on the value and the very existence of the Euro, the creation (under strong US pressure) of a European security fund worth € 750 bn, the Central European Bank's decision (against its rules) to redeem sovereign debts, and the announcement of budget austerity measures in several member states. *Clearly, this is only the beginning.* These latest episodes of a crisis that started two years ago with the collapse of the US housing credit forecast others. They show that there is more than ever a risk of financial crash, provoked by the huge amount of rotten stocks which have been accumulated over the last decade through the combination of unwarranted loans and the transformation of credit default swaps and other insurances into financial products. "Black Peter", the sum total of unrecoverable debts, is running around fast, like the bad card in a game, and the states can't catch up. The short term speculation is now targeting the currencies and the public debts. But the Euro is the weak link in the chain, and so is Europe itself. There can be little doubt that catastrophic consequences are coming.

2. *The Greek protest: rightly so!*

A first, immediate, effect of the "remedy" applied on the Greek crisis was the angry protest of the Greek population. It is debated whether this should be seen as a cowardly denial of the population's responsibility, or a normal rejection of an unjust collective punishment. Leaving aside the criminal episodes which have interfered, it seems to me that the protest of the Greeks was fully justified, for at least three reasons. First, we have been witnessing a completely insane denunciation of the whole Greek people: the corruption and the lies of the politicians (whose beneficiaries, as everywhere, are essen-

tially the rich, cultivating tax evasion on a grand scale) were blamed on the people as such, indiscriminately. Second, once again (and this time probably excessively), the government has betrayed its electoral promises, without any form of democratic debate. Lastly, Europe did not display any real solidarity towards one of its member-states, but imposed on it the coercive rules of the IMF, which protect not the nations, but the banks, and promise a deep and endless recession. Most serious economists agree that this will lead even more inevitably to a default of the Greek Treasury, and will spread the crisis, rising the already high rates of unemployment, especially if the same rules are imposed on other countries whose “rating” on the financial market can become downgraded at any moment: which is exactly what the “orthodox” party is asking for.

3. *Politics hiding its name.*

The Greeks were the first victims, but they will hardly be the last, of a politics of “rescuing the European currency” whose strategic dispositions (mainly imposed by Germany) are, *first and foremost*, a general restriction of public expenses (admittedly, the Constitutional Treaty included a rule of maximum budget deficit, but this was never enforced...), and *in addition* a (rather mild) control of speculation and the free movements of *hedge funds* and traders, already announced after the crisis of the subprimes and the actual or virtual crash of the US banks in 2008. To this, neo-keynesian economists add another request: moving towards the creation of a European economic government (especially through the unification of tax policies), possibly also correlating and enhancing industrial investments. For want of such measures, they claim, a single European currency will prove unsustainable.

None of these are purely *technical*: but they are entirely *political measures*, which all citizens ought to be allowed to debate, because all of them will be affected by the outcome. However, to the extent that it exists, the discussion is deeply biased, because essential determinations are hidden or dismissed:

– Any policy of defending or devaluing a currency in the conjuncture of crisis leads to a radical alternative: *either* it subjects the economic and social decisions to the power of the financial market (including its “rating” criteria, working as self-fulfilling prophecies, and its allegedly absolute “judgments”), *or* it adds to the capacity of the state (and more generally the public institutions) to limit the market’s instability and grant long term economic interests a primacy over short term speculation. *It cannot be both!*

– In its current form, under the influence of the dominant social forces, the European construction may have produced some degree of institutional harmonization, and generalized some fundamental rights, which is not negligible, but, contrary to the stated goals, it has not produced a convergent evolution of national economies, a zone of shared prosperity, far from it. *Some countries are dominant, others are dominated*, with respect to shares in the markets, or concentration of financial capital, or industrial dependency. *The peoples may not have antagonistic interests, but the nations increasingly do.*

– Any “keynesian” strategy to generate public “trust” in the economy rests on three interdependent pillars: a stable currency, a rational system of taxes, but *also a social policy*, aiming at full employment and increasing the popular consumption to sustain the demand. *This third aspect is systematically ignored* in most current commentaries, obviously *not by chance*.

4. *Globalisation’s real trends.*

The entire debate concerning the Euro monetary system (which, let us not forget, some important European countries refused to join, including the UK, Sweden, and Poland) and the future of Europe will remain entirely abstract unless it articulates the real trends of Globalisation: precisely those trends which the financial crisis will powerfully accelerate, unless they are politically addressed by the peoples they affect and their leaders. How can we summarize them? *First*, we are witnessing a transition from one form of international competition to another: no longer (mainly) a competition among productive capitals, but *a competition among national territories*, which use tax exemptions and pressure on the wages of labour to attract more floating capital than their neighbours. Now, clearly, whether Europe works as an effective system of solidarity among its members to protect them from “systemic risks”, or (pushed by the momentarily more powerful US, and its public opinions) simply sets a juridical framework to promote a greater degree of competition among them and their citizens, this will determine the future of Europe politically, socially, and culturally. But there is *a second tendency*: *a transformation of the international division of labour*, which radically destabilizes the distribution of employment in the world. This is a new global structure where North and South, East and West are now exchanging their places. For Europe, or most of it, it will automatically entail a brutal increase of inequalities: a collapsing of the middle classes, a shrinking of skilled jobs, a displacement of “volatile” productive industries, a regression of welfare and social rights, a destruction of cultural industries and general

public services. This is why resistance to supranational political integration, which believes itself to be protecting the sovereignty of each state will in fact weaken the defences of each nation. They will also precipitate a return to ethnic conflicts, which the European construction wanted to overcome for ever. However, it is also clear that a greater political integration of Europe cannot be created “from above”, by a bureaucratic decision. It requires democratic participation and advances in each country and the continent as such.

5. *Populism: a peril, or a resource?*

We cannot, accordingly, but ask the question: is this the beginning of the end for the EU, a construction that had started 50 years ago on the basis of an age old utopia, but now proves unable to fulfil its promises? *The answer, unfortunately, is yes*: sooner or later, this will be inevitable, and possibly not without some violent turmoil. *Unless it finds the capacity to start again on radically new bases*, Europe is a dead political project. But the breaking of the EU would inevitably abandon its peoples to the hazards of globalization, to an even greater degree. They would be little else than carcasses floating along the stream of the river... Conversely, a new foundation of Europe does not guaranty any success, but at least it gives her a chance of gaining some geopolitical leverage, to her own benefit and the benefit of others. On one condition, however: that all the challenges involved in the idea of an original form of a post-national federation are seriously and courageously met. And they are anything but huge: setting up *a common public authority*, which is neither a state nor a simple “governance” of politicians and experts; securing *genuine equality among the nations*, thus fighting against reactionary nationalisms, whether on the side of the “strong” or the side of the “weak”; and above all *reviving democracy* in the European space, thus resisting the current processes of “de-democratization” or “statism without a state”, produced by neo-liberalism, and the colonization of its administrations by a bureaucratic caste, which is also largely the source of the corruption in the public markets.

Something obvious should have been long acknowledged: there will be no progress towards federalism in Europe (the one that is now advocated by some, and rightly so) *if democracy itself does not progress beyond the existing forms*, allowing an increased influence for the people(s) in the supranational institutions. Does this mean that, in order to reverse the course of recent history, to shake the lethargy of a decaying political construction, we need something like *a European populism*, a simultaneous movement or a

peaceful insurrection of popular masses who will be voicing their anger as victims of the crisis against its authors and beneficiaries, and calling for a control “from below” over the secret bargaining and occult deals made by markets, banks, and states? Yes indeed. There is in fact no other name with which we can call a becoming political of the people. I agree that it can lead to other catastrophes, which is why we need strong constitutional rules to be observed, and, above all, why the European arena needs the reemergence of political forces that would introduce a culture of uncompromising democratic ideals and imaginary into this “post-national” populism. But the risk is greater if nationalism prevails in whichever form.

6. *European Left? Where is it?*

In this part of the world, such forces were traditionally called “the left”. But the European Left too is now bankrupt, nationally and internationally. In the broader political space, stretching across borders, that is now relevant, it has lost every capacity to express social struggles or launch emancipatory movements. It has surrendered to the dogmas and rationales of neo-liberalism. Consequently it has been ideologically disintegrated. Deprived of any strong popular support, those parties which represent it nominally are now powerless spectators and commentators of the crisis, for which they offer no specific and collective response. *They have remained passive* after the financial shock in 2008, *still passive* when the IMF recipes (which in other times, on other continents, they had vigorously criticized) were imposed on Greece, *passive again* when it was proposed to “rescue the Euro” at the expense of wage labourers and ordinary consumers. And they proved *unable to launch a public debate* on the possibility and the means of a Europe of solidarity...

We may well wonder, in these conditions, what is going to happen when the crisis enters its next phases? When *national policies*, increasingly repressive, lose their *social* contents, or their remaining social alibis? There will almost certainly be protest movements; but they will find themselves isolated, and possibly deviate towards violence, or appropriated by racism and xenophobia (already surging all around us). In the end they will produce more powerlessness, more despair. This is tragic, since the capitalist and nationalist right itself, now on the offensive, is also strategically divided: it was clear when stopping public deficits was pitted against investment policies, and it will be even more the case when the very existence of common European institutions is at stake (British evolution being a good example of what looms ahead). There was here an occasion to be seized, a moment to deliver

a strong word. But the question also concerns the intellectuals: *what should and could be a democratically elaborated political action against the crisis* at the European level, walking on both legs (economic administration, social policy), eliminating corruption and reducing the inequalities which foster it, restructuring debts and defining common objectives in order to legitimize transfers of tax resources between mutually interdependent nations? It is the task of progressive intellectuals, whether they see themselves as reformists or revolutionaries, to discuss this subject and take risks. If they fail to do so, they will have no excuse.

Etienne Balibar is Emeritus Professor of Moral and Political Philosophy at the University of Paris 10 Nanterre, and Distinguished Professor of Humanities at the University of California, Irvine. He has taught as visiting lecturer at the Universities of Algiers, Paris I (Panthéon-Sorbonne), Leiden, Nanterre (Paris 10), at the Centro Franco-Argentino de Altos Estudios de la Universidad de Buenos-Aires (Argentina) and the Center for Comparative Literature and Society at Columbia University, New-York. Professor Balibar is prominent author or co-author of a number of books: *Lire le Capital*, with Louis Althusser et al., Paris, 1965 – (serbo-Croatian translation, *Kako štati kapital*, Zagreb, 1975); *Spinoza et la politique*, Paris, 1985; *Race, Nation, Classe*, with Immanuel Wallerstein, 1988; *Droit de cité. Culture et politique en démocratie*, Paris, 1998; *Nous, citoyens d'Europe? Les frontières, l'État, le peuple*, Paris, 2001 – (Serbian translation, *Mi, građani Evrope: granice, narod, država*, Beograd, 2003); *We, the People of Europe? Reflections on Transnational Citizenship*, Princeton University Press, Princeton, 2004; *Politics and the Other Scene*, London, 2002; *Europe, Constitution, Frontière*, 2005; *L'Europe, l'Amérique et la guerre*, La Découverte, Paris, 2007; *Violence et civilité*, Galilée, Paris, 2010 (Serbo-Croatian translation, *Nasilje i civilnost*, Beograd, Zagreb, 2011); *La proposition de l'égaliberté*, PUF, Paris, 2010; *Citoyen sujet et autres essais d'anthropologie philosophique*, PUF, Paris, 2011; *The Borders of Justice*, Philadelphia, 2013. *Europe crise et fin?*, 2013.