

The Greece case: an European point of view

During the last weeks I have been constantly asked to give my opinion about what is happening in Greece (to be more precise: about the negotiations between Greece and the EU concerning the Greek debt). I understand it: I have a Greek name and I always claimed to feel Greek. Actually I am Greek (I have the Greek passport). But how relevant is the opinion of a Greek who left the country almost 40 years ago, living in Italy and working in France? How much my opinion can be biased by the sentimental relation to my Greek identity?

Certainly I know and understand parts of a culture that most Europeans totally ignore and in reality do not really care to know. I suppose I also know and understand parts of a reality (in terms of economy, society etc.) which most Europeans ignore and do not care to know. But this is not sufficient to allow me having a Greek perspective to the crisis. And perhaps I am not really interested to have a Greek perspective. Indeed the following notes are written following the perspective of an European citizen: exactly what the European political leaders (and most opinion leaders) did not do. If there is one single lesson to learn from this crisis is that European leaders failed to be Europeans and remained Greeks, Germans, French, Dutch, Polish, Irish etc..

Let's turn our attention to the "*Greek problem*" now. There is no single Greek problem. The crisis of the Greek debt results to at least four distinct (although interdependent) problems: an economic one, a financial one, an institutional one and a political one. I will try to survey all four of them.

1. The economic problem. Greece suffers from heavy structural economic problems. If there is something we may call Greek economy, then this is structurally unbalanced with services and trading prevailing among any other sector (tourism and maritime activities) without any serious production, an hypertrophic and corrupted public sector with weak welfare and unevenly developed infrastructures. It is interesting to observe that in the debate about the Greek debt nobody (almost) raised the issue of what the vision of a viable Greek economy could be for the next 20 years. The Greek debt might be not sustainable, but what would be a Greek economy not requiring the country to be indebted? This is not surprising. It is not an absence concerning Greece. Actually there is no vision of what an European economy would be viable in the next 20 years. To be more precise: there is no vision of what the European economy would be in order to keep the welfare of the European citizens at the level they managed to establish after the

war. There is certainly an option to destroy this expensive welfare (and this is pursued systematically by certain European leaders), but I do not believe this is a viable option.

It is the case to observe that the only area where Europe still has a competitive advantage with respect to other geographical areas of the world, that is science, culture and knowledge, is systematically underdeveloped and downsized pursuing a low investment policy. It is sad to observe that there is no single European leader having a long term vision of the European economy, not to talk about the marginal Greek one.

2. The financial problem. It looks complicated, but in reality it is not (at least the urgent measures to take). However, it pays to remember that the Greek debt problem is related to the global financial crisis due to the gambling of most among the major financial institutions worldwide. I claim that this is something we always need to remember: the abnormal level of debt has been systematically pursued by banks and financial institutions just to be able to gamble and make money out of money. It was the case for the subprime loans and it is the case for most of the sovereign debt cumulated in these years. What the European citizens (ALL European citizens) are asked to pay for are the consequences of the gambling of some (never judged) financial traders ... There are certainly responsibilities for those governments (the Greek ones among others) for having used this cash flow in order to buy political consensus and social peace, but we cannot and we should not forget who have been the instigators!

The problem today is that the ECB has clever financial engineering tools easing the way to pursue debt reduction policies. But there is no policy! There is no common European fiscal policy, there is nothing like European public finance, there is no European finance political leader responding directly to the European parliament. What we observe is the constant undermining of any effort which could conduct in any form of fiscal and financial convergence in Europe: most European leaders are afraid of losing the financial sovereignty of their countries. On the other hand it is simple: we cannot have a single currency without a single fiscal and financial policy, it is simply not sustainable (and everybody knows it). The result is that the first who lost their financial independence are the Greeks (their finances being really marginal), but others are just around the corner. The issue is not whether we can keep independent national finances or not (we cannot), but who is going to govern the European finances and how!

Remains the problem of the Greek finances. It is sad to see that Europe lost once again a good opportunity to find a viable solution. Everybody knows that

the Greek debt is not sustainable, everybody knows that in order to minimise the consequences of a debt reduction this needs to be clearly inserted in an European perspective, but nobody (or at least most of ...) wants to tell the truth. The result is an agreement which only postpones the problem for two or three years, makes the financial situation in Greece even worse (and thus the whole European finances) and does not indicate any realistic path for getting out of this situation. To be more clear: the Greek state will never be able to collect the necessary taxes because of a persisting depressive economy and the systematic tax evasion that is not affected by this agreement. Really badly simple!

3. The institutional problem. The Greek crisis clearly emphasises the institutional ambiguity of the European Union unification process. Let's say it clear: how much sovereignty are the national governments (and their citizens) willing to give up in order to assure sustainability to the European unification process? It is easy to observe that in case we had an European federal government (and relevant governing institutions) the "Greek problem" would have been downsized to its real (marginal) economic dimension. As one of the few European opinion leaders said¹, California (which is MUCH more important in terms of economy) bankrupted twice in the recent years, but nobody seemed to consider it as major institutional problem. The real issue thus is the problem of national sovereignty.

The situation now is the following. The EU obliged the Greek government to surrender part of its sovereignty in order to avoid bankruptcy and the annexed financial troubles. The present agreement is de facto that. Now, the question is: will the EU apply the same when the problem will be Italy? Or France? Or Germany? And who is going to negotiate such surrender in these MUCH more complicated situations?

We should not forget at this point another critical institutional issue. Who de facto conducted the negotiations with the Greek government has been the German government and not the European institutions. Why? It is clear that Germany mistrusts the European institutions and preferred to conduct the negotiations in first person. But is this viable? Can we afford each time a major issue raises in the European context to conduct direct bilateral discussions in order to establish an agreement? And does Germany has the legitimation to avocate a direct implication any time a major issue (major for the German public opinion and voters) needs to be discussed? If this situation is practically understandable it opens a major institutional problem: the European institutions are useless and with prac-

¹Eugenio Scalfari in Repubblica, the Italian daily newspaper

tically no power if any major European government can claim what the German government did. Today a lesson we understood from the negotiations about the Greek debt, is that Europe as such simply does not exist: who really governs Europe are few (one, two?) national governments. The exact opposite of the idea of an European unification.

4. The political problem. Everybody agrees today that we assisted during the “negotiations” has been a political “fight” (and not what most of us thought: a game). The Greek government needed to confirm that the aspirations of the Greek people for a more reasonable agreement were legitimated, while the German government firmly pursued the line of crashing the adversary and any attempt to have a different perspective about the European matters. Why? Why they have been so aggressive? Why they kept so hard positions?

The Greek government behaved as being in a game: negotiating up to acceptable reciprocal concessions. They were in error. The German government was fighting against them. Why this happened? Some will try to explain the case with personal limits of the negotiators. I am less inclined to believe this interpretation. My personal opinion is that the German government is hostage of a hostile public opinion for which there is no real European perspective: at most an extension of the German interests at the European level. However, it is also important to note that this hostile public opinion has been raised exactly because their political leaders never really reasoned in terms of Europe. It is equally interesting to note that this hostility to any further European integration goes beyond the German borders: consider the egoistic attitude towards the problem of the refugees arriving everyday in South Europe. In other terms: the German government behaved exclusively on the basis of how to win the next elections; at the price of losing their European leadership.

A sad note to add to this picture is the absence of any role for the big European political families. The PPE and the PSE simply did not exist. Each national component behaved as a national party and not a single European political position has been claimed. Interesting enough the European radical left (of which SYRIZA is part) has been equally absent. They have been supportive to the Greek government claims, but just defending the right of the Greek national sovereignty (rather curious for a radical left) and not claiming an European perspective (which is not more sovereignty, but less!).

Time to conclude. Who won and who lost in this crisis? It is sad to realise that almost everybody lost. The Greek government lost its ability to change the

situation and part of its credibility. The German government lost its legitimation to conduct Europe in terms of leadership. The European unification process lost because of the inability of the European institutions to establish independently a viable solution. The European financial institutions lost because the problem of the Greek debt is still there and soon will be back worst. Who won? The opinion makers of the *BILD* won. The most reactionary and uncultured manifestation of egoism and anti-European sentiment. And this is what an European citizen (as I consider myself) feels being the worst case scenario.

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