

Accelerating Decay

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Spring is in the air, and Brussels should be buzzing with activity. Remember von der Leyen’s Next Generation EU (NGEU for short), the €750 billion ‘Corona recovery fund’ borrowed from the owners of capital and divided according to an incomprehensible formula between the member states, all 27 of them? This was agreed in July last year, and one might have thought that the EU would now be busy selling debt to its favourite banks. These would then sell the debt on to the European Central Bank, with a healthy profit, making their shareholders happy while fuelling quantitative easing, thereby keeping asset prices up and further adding to their shareholders’ happiness (‘stabilizing financial markets’ is the politically correct term). Well, we’re not bankers, so we don’t really need to know, and, anyway, isn’t such sensitive business better conducted behind closed doors?

But wait. By now shouldn’t we have heard of at least some of the 27 national parliaments giving their required blessing to the Next Generation money production scheme not provided for in the Old Generation Treaties? Above all, shouldn’t we be

observing countries putting together the projects which their Next Generation cash will fund? Under NGEU these are to be forwarded to the Commission which, so we were told, will check if the cash would be well-spent, not for consumption but for investment, and for additional investment for that matter, rather than being used for, say, tax relief. The idea was that the money should be spent for something related to Corona while also making countries more 'competitive', whatever that means, by the time it was to be repaid (purportedly at the end of 2028). To date, we have only heard of Italy, the main benefactor, due to receive €209 billion (followed by Spain's €140 billion), where the Corona money led to the breakup of the Conte government, which was unable to put together enough domestic support for its evolving project portfolio. Its place was taken by an almost all-party coalition under the indispensable Mario Draghi, who immediately turned national recovery planning over to McKinsey, for a healthy fee one assumes, so it remains in the global financial family. We also haven't heard who will sit on those committees in Brussels that are supposed to decide on which member state projects are worth funding.

As said, we don't need to know everything, and the EU, its Next Generation included, was never intended to be a democracy. Meanwhile we can busy ourselves beholding the Union's vaccination statistics. By mid-March they looked strangely similar to how they looked in mid-February: Germany 7.4 percent, up from 5; Italy 7.5 up from 4.9, France 6.8 up from 4.3, and Spain 8.1 up from 5.2. By comparison the UK had moved from 23 to 35 and the US from 15.9 to 20 percent, while Israel had already vaccinated more than half of its

population, almost 60 percent. Even in Germany, where critics of the government and the EU risk being accused of AfD sympathies, people are now invidiously comparing vaccination rates in the EU with those in post-Brexit UK and even the US.

Elsewhere patience is already running out. Denmark and Austria are setting up a joint venture with Israel to learn how to obtain and dispense vaccines. Italy imposed an export ban on the AstraZeneca vaccine about to be shipped to Australia, only to be told by German free-traders that they must stick to the EU trade agreements. The French president now demands ‘European solidarity’ while refusing to use the Swedish–British AstraZeneca vaccine. In this he was joined by Merkel, who told Germans that, being 66 years of age, she would never take the AstraZeneca jab, since this works only for people below 65: waiting for Sanofi? AstraZeneca later announced that it would cut deliveries to Germany by half due to ‘export restrictions’, after Biden – supposedly the benevolent ‘America-Second’ President – let it be known there will be no vaccine exports from the US until all Americans are immunized.

Presumably in retaliation, Germany and several other member countries suspended the use of AstraZeneca for the time being altogether, while Hungary and others are about to buy vaccines from Russia and China. Viktor Orbán, the Hungarian would-be strongman, seems to have given up on Brussels altogether and seeks to close ranks with his Russian soulmate, Vladimir Putin. Austria and four other member states are demanding an inquiry into what they consider a ‘vaccine bazaar’ in Brussels, but

contracts with vaccine producers are secret. At some point someone will put numbers on the deaths caused by the Great Vaccination Slowdown. Until then the EU insists that its members keep their mutual borders open even where local infection rates in border areas differ dramatically.

There has been some good news, although not for the EU. Democracy returns to where it belongs, in that national politicians are learning that the virus is too important to be left to the virologists. They are also learning that that they cannot simply lock their voters up for as long as the virologists recommend: longer, one has the impression, than quite a few people's remaining lifespan. Merkel – who at one point seemed to have fallen into the hands of a gang of ZeroCovid zealots composed of virologists, theoretical physicists and philosophy professors – made one of her inimitable U-turns, allowing restrictions to be relaxed in spite of a rising 'seven-days incidence rate', probably resulting from more frequent testing, and in the face of this ferocious beast which Germans call 'the British mutant'. Of course, whether governments will be able to devise and apply the more demanding targeted measures needed to keep the virus in check and live with it in a complex urban society remains to be seen; right now, under the spell of Brussels, they can't even organize a vaccination campaign.

Otherwise the news is bad. Here's a small selection. The next wave of migrants is waiting to set sail, and the EU has done no homework during the winter to prepare. The German political class is enthusiastic about Biden keeping American troops in Afghanistan; so Germany can keep its troops there too, hoping that

as long as the Taliban haven't formally taken over, there will be fewer Afghan refugees arriving in Europe, meaning Germany. Delivering increased arms spending to Biden, two percent of GDP, will be a little easier given the shrunken overall GDP levels post-Corona. At the same time, Biden wants more hostility toward Russia and more support for Ukraine; as a consequence, Russia seems to have abandoned hope that American and European sanctions will ever be lifted, making it more hostile in turn. This is not good for Germany in particular, which, if the worse came to the worst, would supply not just the ground troops but also the targets for Russian nuclear missiles.

And looming in the background there is Nord Stream 2, the gas pipeline that runs from Russia to Germany through the Baltic Sea. It is heartily disliked by the US, which hopes to sell Germany liquid gas, and by France, which hopes to sell Germany nuclear electricity – as well as being hated by Poland and, of course, Ukraine. All Merkel can hope for is that her friends, including von der Leyen, don't break her pipeline's back, and thereby jeopardize her 'energy turn', until after her retirement this autumn. Add to this the anti-Brexit fanatics in Brussels and Paris, eager to fool around with the Irish border, and yes, some sort of collapse may not be as far away as one might have thought a year ago.