

BRAVE NEW EUROPE

POLITICS AND ECONOMICS: EXPERTISE WITH A RADICAL FACE

Wolfgang Streeck – Europe is Being Subjugated to US Power

October 1, 2022

The economic crisis in Britain, the war in Ukraine, and the disorder in the Eurozone are all intimately connected.

Wolfgang Streeck is the Emeritus Director of the Max Planck Institute for the Study of Societies in Cologne, Germany

Interview by Chris Bambery

Cross-posted from [Conter](#)



Chris Bambery: Once again we seem to be seeing a renewed debt crisis emerging in the EU with Portugal, Italy and Spain paying higher interest on its state debt than Germany and its satellites? How serious is this and how uneven is the EU today?

Wolfgang Streeck: It is getting more uneven by the day. Economic convergence has been promised but was never delivered. Instead divergence between the center, Germany in particular, and the Mediterranean periphery has long been growing. This is a direct consequence of EMU, the EU's monetary union. Lagging countries may be able to catch up

with more competitive countries in a common market by internal devaluation, meaning essentially lower labour costs. But this has never been successful without being flanked by external devaluation, adjusting a country's international terms of exchange to its real productivity. In a monetary union, however, external devaluation is by definition impossible. To nevertheless keep the Mediterranean countries – or better: their political classes – happy, all sorts of fiscal and monetary fixes are being used, by the EU and the European Central Bank. But now they are hitting the wall. Money is getting scarce as debt levels have explosively gone up. Rising interest rates and inflation make new debt difficult to take up, while rising poverty requires fiscal handouts to prevent social unrest, funded by more debt. Add to this the costs of the war in Ukraine. In 2020 the media celebrated the €750 billion Next Generation EU Corona Recovery Fund. About €120 billion of this is set aside for Italy, €69 billion of which as grants, going to the country most in need of economic assistance. Compare this to the €100 bn, all new debt, that the German government three days into the Ukrainian war devoted to new military equipment alone, to be spent in about the same time in which the Recovery money is to be spent for the entire country of Italy.

Bamberg: If you are a small country on the edge of the EU, as Scotland is, should this not sound alarm bells?

Streeck: Even if you are a big country inside the EU you better read the writings on the wall. Right now the EU is rapidly fragmenting. On its Western flank Britain has left, in the South the Mediterranean countries, above all Italy, are badly hurting, and in the East a block of new nationalist member states is forming, led by Poland. That block has very different ideas on what the EU is to be about, and what the limits of “integration” and of “European sovereignty” should be. If Scotland was actually to join the EU, it is very likely to become a member of a club that is falling apart, with enormous potential costs for its members.

Bamberg: The far-right has done well in the Italian elections and has emerged in Spain and Portugal for the first time since 1974/75. How significant is the rise of the far right within the EU and what has been its response (sanctions against Hungary and Poland but not Spain)?

Streeck: The rise of the far-right is the direct result of the decline of the center-left, of a European political class that has proven entirely unable to protect its constituencies from the ravages of the hyperglobalization that began in the 1990s. Centrist European governments have left the representation of the severe economic and cultural grievances of millions of Europeans to demagogues. Social movements that demanded real answers from centrist politics were put into a fascist corner so as to discredit them as legitimate participants in democratic politics. The rise of the far-right will be stopped only if the center-left opens itself up to effective alternatives to neoliberalism and globalized financial capitalism. Such alternatives do not exist within the extant framework of the Treaties of the European Union.

Bamberg: Previously there were those who argued the EU could be a Third Force between the USA and China but the invasion of Ukraine saw EU states, most importantly Germany, rush to maintain the centrality of NATO and increase military spending, as Washington demanded. How significant is this?

Streeck: It is extremely significant. In short, without a European international security arrangement that somehow includes Russia the world is likely to end up in a bipolar confrontation between the United States and China, with Europe a subordinate of the United States (reconstituting the so-called “West”) and Russia dependent on China. In this world there won't be any place for European autonomy or sovereignty, for an independent Europe as

a third global force or as a region of its own in the global context. Much of the geopolitics of the 1990s and thereafter was about the question whether the eastern border of Europe should be identical with the eastern or with the western border of Russia. In the former case we would have seen something like the “Common European House” suggested by Mikhail Gorbachev, or Bill Clinton’s original “Partnership for Peace”, or Putin’s “Europe from Lisbon to Vladivostok”. In the latter case, which is what we see coming as a result of the war, the Eurasian continent will be divided in an American and a Chinese section, with a heavily armed border confrontation at the eastern end of Eastern Europe and the western end of a Russia excluded from Europe. There is sufficient evidence already now to claim that this was always the favorite solution of the right wing of the American foreign policy establishment, well back into the 1990s, and in particular of the American neo-conservatives – the “neocons” – who led the United States into the invasions of Iraq and Afghanistan, among others. European efforts in the 2010s to prevent the Ukraine war, which included the negotiation of the Minsk agreement between France, Germany, Russia and Ukraine, failed because of American opposition and the rising strength of the right wing of the Ukrainian national movement. In the run-up to the war in the fall and winter of 2021/22 Europe was not present at all – absent without leave, in U.S. military jargon – and the shots on the Western side were called exclusively by the United States.

Chris: The Scottish government says it wishes to continue to use Sterling after independence but also to rejoin the EU and the single market. Are those two things not in contradiction and what demands would the EU make for Scotland to rejoin?

Streeck: Some of the ideas on the EU held by centrist Scottish nationalists betray an almost unbelievable lack of information on what that organization in fact is. First of all, under the Union Treaties member states who fulfill the requirements of monetary union – and Scotland would clearly fulfill them – are obliged to join EMU. While this may no longer be enforceable for some time if ever, a member state that uses the same currency as a non-member state, above all Britain, is entirely out of the question. (Such a state would for example be unable to join an exchange rate regime with the euro.) I also don’t understand why the Scots should leave the UK and remain with respect to monetary policy subject to what would then be a perfect dictatorship of the Bank of England. In monetary terms Scotland would practically remain part of the UK, without any representation in the UK parliament. If it also stayed in NATO, with the UK’s nuclear submarines continuing to be stationed in Scottish waters, one would wonder why a nationalist political party in its right mind should take the risk and expend the enormous amount of political capital needed to win another popular vote on Scottish sovereignty.

<https://braveneweuropa.com/wolfgang-streeck-europe-is-being-subjugated-to-us-power>