

The Euro - The Most Socially Destructive Political Act Since WWII

Dr Joseph Zammit-Lucia

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There now seems little doubt that the introduction of the Euro in its current, half-baked form has been the most socially destructive European policy decision since World War II. The introduction of the Euro has led to the following chain of events: an initial period of inflation as traders took advantage of prices being changed to the new currency; a fake "wealth bubble" during a period of seeming prosperity driven by loose (some would argue irresponsible) credit in countries for which the adoption of the Euro provided artificially low interest rates; the inevitable crash which has caused untold social destruction in many countries; a German-driven obsession with austerity which has gone way beyond its usefulness and has left Greece and others buried under a mountain of unpayable debt, and the Eurozone languishing in stagnation and probable deflation. It is no wonder that Matteo Salvini, Italy's second most popular politician, calls the Euro a "criminal currency."

The economic dangers associated with the introduction of the Euro were predictable. The Euro is, maybe, the best example of the consequences of a political and policy elite living in their own world and totally divorced from the consequences of their actions on ordinary people.

The logical response is the "orderly" dismantling, or at least shrinkage, of the Euro. Professor Peter Morici of Maryland University recently bluntly stated: "Now it's time to junk the Euro." Yet European leaders have decided that their efforts should be directed at saving the Euro - whatever it takes - to use Mr Draghi's most famous utterance. Even, it seems, if what it takes is social devastation across the Eurozone and the ruin of millions of people's lives. Now that the original stated aim of monetary union - to increase the prosperity and wellbeing of European citizens - is clearly failing, the preservation of the Euro has become an end in itself for the political elite. For countries like Germany, this has, so far, made sense. But that may change as the costs of protecting the Euro continue to rise and as the German people draw the line at being asked to borrow to finance the whole of the Eurozone.

That said, junking the Euro carries unknown and unknowable risks. Nobody knows what a supposedly "orderly" dismantling of the Euro would entail and the consequences that would arise. Neither do we currently have the strength of leadership in Europe that could even start to grapple with such a question or intermediate alternatives like the use of parallel currencies. For the ideologically blinded, the answer to a failing Europe is always more Europe. Just like, in the dying days of the Soviet Union, the problem was, according to the political elite, not a failure of communism but not being communist enough.

Yet, what does not seem to have been predicted were the political consequences of the Euro and the resulting devastation. Nationalist and anti-Euro parties are on the rise everywhere. As we enter 2015, Europe finds itself between the devil and the deep blue sea.

On one side is the Euro - the devil that we are wedded to, that will continue to keep the Eurozone economy in stagnation.

On the other side lies the unknown - meaningful reform of the Euro and the European Union as a whole - a project that requires the sort of political leadership that is currently unavailable anywhere in Europe and that involves exploring a future that is risky and unknowable.