

Maria Valentina Lasorella

Europe in Crisis in Mediterranean Context :

*Economic, Social and
Political Dimensions*

Overview

- The cultural dimension (identity + mobility) and the misconstruction of the Eurozone: focus on the Mediterranean Context
- The sovereign debt crisis and the politics of Eurozone release efforts
- Gaps between South and North Europe: Medieterreanean Countries
- Solutions?

Cultural Dimension

- The Europe has been a political integration project
- It was also an attempt to engineer European identity and citizenship by creating a monetary symbol
- Money has historically been a driver of identity and statehood creation

“Thanks to the Euro, our pockets will soon hold solid evidence of a European identity. We need to build on this, and make the Euro more than a currency and Europe more than a territory... In the next six months, we will talk a lot about political union, and rightly so. Political union is inseparable from economic union. Stronger growth and European integration are related issues. In both areas we will take concrete steps forward.”

French Finance Minister Laurent Fabius, The Financial Times, 2000

Social Aspects

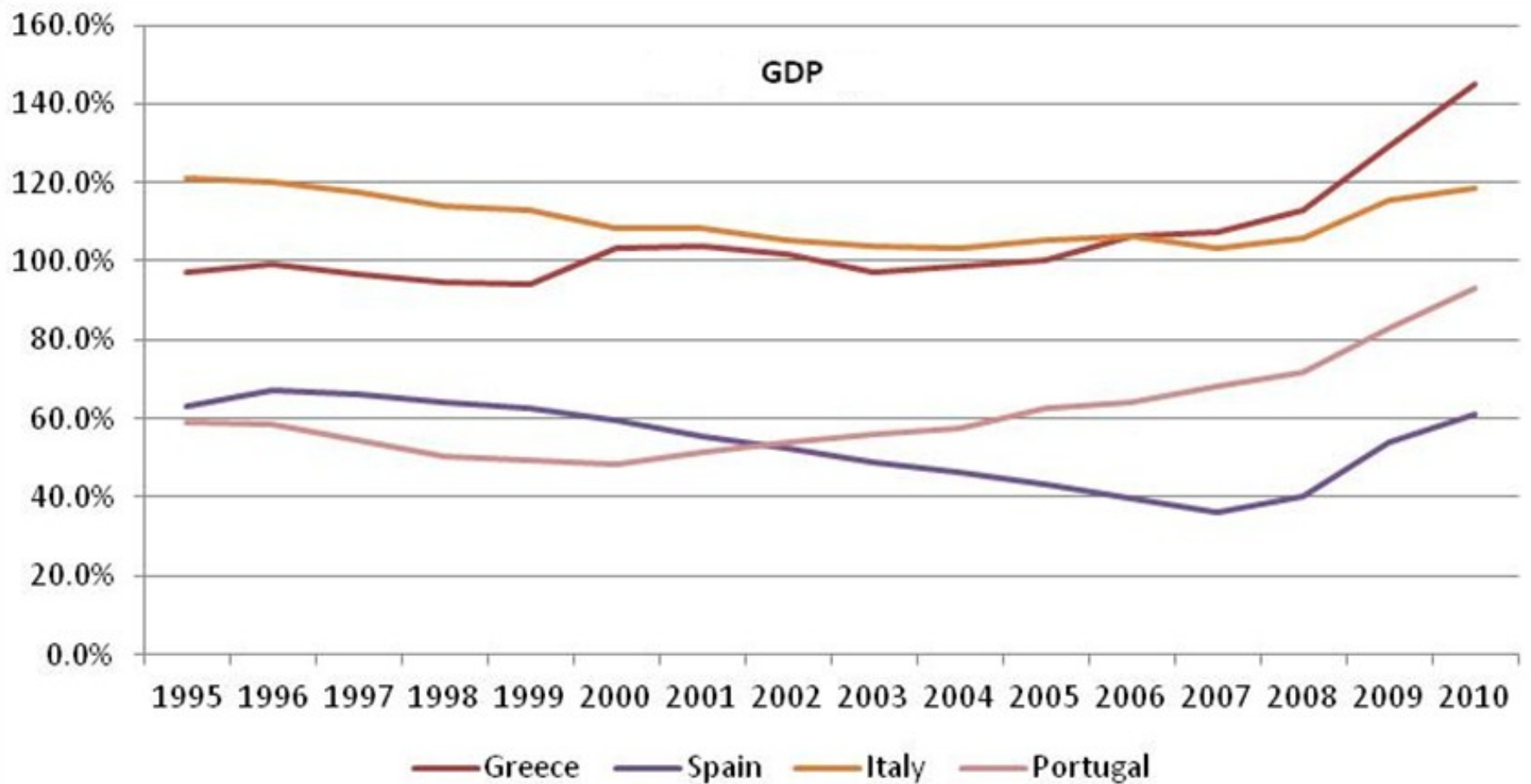
- Educational programmes such as ERASMUS and LEONARDO seem successful “Erasmus Generation”
- Still problems with European citizenship and identity
- Euro has been an economic success but has not had a very deep cultural dimension

Mobility

- Is a key challenge for the European Union
- Fear of loss of social network is key factor (Eurofound 2010)
- Language barriers are also still a major problem

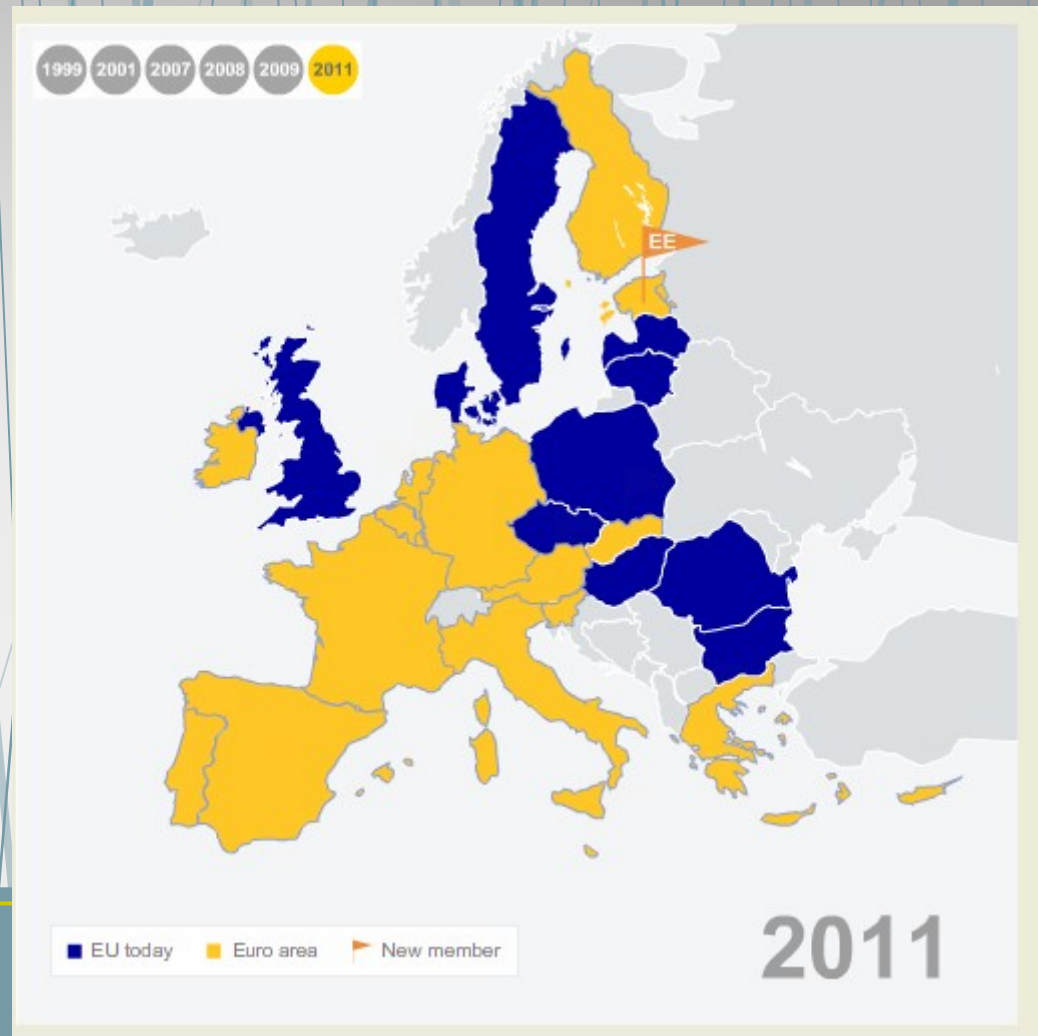
Politics in South Areas

- Without economic growth there is no chance to change the debt trend → downward debt spiral
- Austerity was also implemented in many European countries → expansionary fiscal contraction delusion
- Export-led strategies that do not work → lack of economic growth
- Massive protests in Greece and other countries with massive unemployment and new poverty
- Youth unemployment of 46.2 % in Spain, 38.5% in Greece and 48.5% in Portugal and 52.6 % in Italy
- Economic policy conditionality does not work



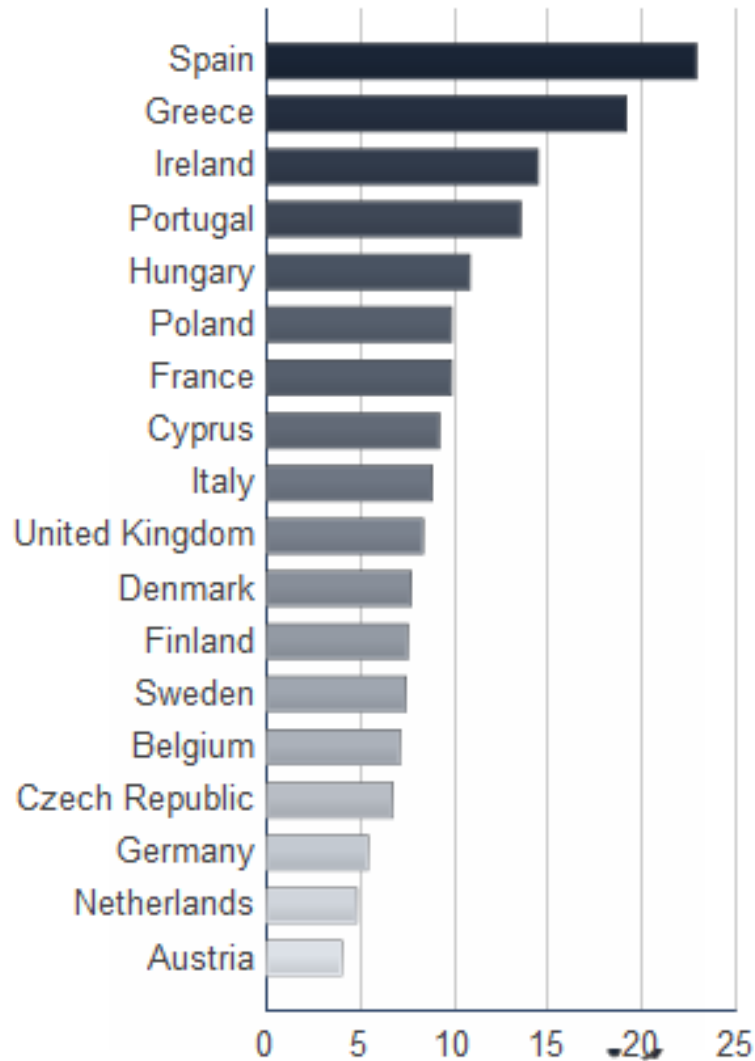
Situation in the South countries

Eurozone '12 :
17 countries – 4 in the South Areas



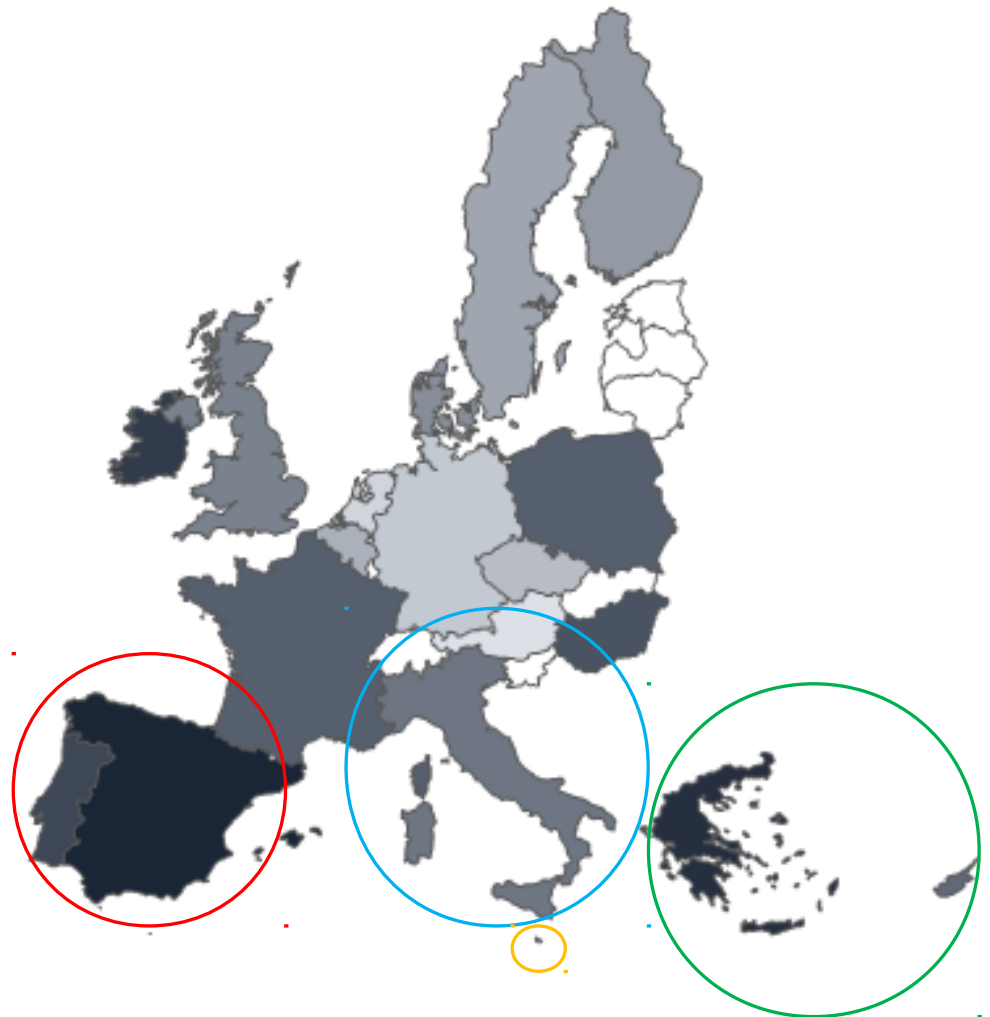
Unemployment rate

Percentage



Select measure

Unemployment



What are the Problems in South Areas?

- The problem is most political and not economic
 - Politics has made the problem much worse
 - Initially no political honesty due to fear of domestic electorate
- Breakup of the Eurozone is the most expensive option
 - Would lead to bank runs and certain full default on sovereign debt
 - The problem is not just economic and will determine Europe's future

Solutions?

- Reforming Eurozone governance
- A return to ***serious financial sector reform***
- Aims must be more **economic coherence** across the Eurozone
- Higher wages in Germany
- **Structural reforms** (public sector, competitiveness, ...)
- At the end, once debt is stabilised EU help should focus on social and economic change