

All bets off

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Corona hit the EU unprepared – but what wouldn't? Only a few weeks ago, a little less than a year after the so-called “European elections” of 2019, the Brussels crowd were still puzzling over what its outcome was to mean in real life, apart from four new “presidents”. There was the usual haggling over the budget, now post-Brexit: 1.0 percent of aggregate GDP as now, 1.049 percent as proposed by the Commission, 1.074 percent as suggested by the president of the Council, 1.114 percent as demanded by the countries benefitting from the “structural funds”, or 1.300 percent (!) as envisaged by the “parliament”. (Average government spending among EU member states is 45.6 percent.) Now that the global economy seems to be moving into the next recession, it seems impossible even to estimate the denominator, let alone the numerator of the future EU spending ratio.

Another issue, now also almost forgotten, was what the PR staff of the new Commission president, von der Leyen, has labelled a “Green Deal”: an exercise in dressing up old budget items, in particular under the Common Agricultural Policy (CAP), as new spending on the environment. There were also preparations under way for the next round of Brexit negotiations, planned to be concluded in the summer, with France and the “parliament” pressing for maximally humiliating terms for the UK, including an obligation to accept the jurisdiction of the European Court of Justice in trade disputes – a barely disguised attempt to bring down the Johnson government with a renewed threat of a “hard Brexit”. And, in addition, there were debates whether the EU should take in and distribute over its member countries 1,500 unaccompanied minors and sick children (it was said: preferably girls) from the Greek refugee camps, a remarkably minimalist act of charity designed, clearly, to make journalists and the

public forget the EU's failure to make any constructive contribution to peace in Syria, not to mention Libya, thrown into chaos by French and British military intervention.

Then came the virus and EU politics went into something like a coma, the date of reawakening uncertain. As a last sign of life the Commission, pressed by France and Germany, insisted that countries keep their borders open, public health worries notwithstanding. As they sealed off a city like Milan and undertook to segregate small children from their grandparents, member states were ordered not to seal off themselves in order to maintain "European solidarity". Of course nobody listens. Even Germany, Merkel's murky pseudo-internationalist rhetoric notwithstanding, has stepped up controls at its border to, of all countries, France – much to the dismay of Macron who believes in "a sovereign France in a sovereign Europa", symbolized by free French movement across the Rhine. In the dream world of Macron and Brussels, there can, whatever the cost, be no circuit breakers, firewalls, bulkheads dividing the sacred Internal Market, even in the face of a disaster like Covid-19, which may become the worst public health crisis since the Spanish Flue exactly a hundred years ago.

In real life, as always in Europe when things get serious, action moved to the national level. The European Central Bank had to admit that it had fired its last bullet when some time ago it lowered the euro interest rate to zero. So countries are left to their own devices fighting the approaching depression. The German government, in an unprecedented move, committed itself publicly to unlimited low-interest credit for firms getting into trouble; the argument for effectively giving up "black zero" being that successful fiscal consolidation had enabled the German state to take up as much debt as it will take to support the German economy – "and believe us, it will be enough". Other countries, many already deeply in debt, will follow suit; what this will mean for the European political economy, the Eurozone and the financial sector will be sorted out later when the crisis will, perhaps, be over.

Right now European countries are struggling to get their health care systems ready for growing numbers of people requiring intensive care, over many months if not longer. In some

countries national health care systems are already proving woefully inadequate, and here the EU comes back into the picture: with its unrelenting pressure over decades on member states to cut public spending and medical spending in particular, and open up health care for private investment and competitive markets. Another case of neoliberal economizing on public budgets destroying redundant capacities above and beyond short-term needs.

Among the worst failures of the EU, which claims to represent “the largest market in the world,” was that it did not learn the lesson of the two preceding corona epidemics, Sars seventeen years ago and the Avian Flu a few years later. Apparently, according to a recent article in the *Frankfurter Allgemeine*, not a socialist newspaper by any means, developing vaccines against this sort of disease is not profitable enough for the uniquely profitable and highly globalized pharmaceutical industry. No effort seems to have been made by European governments, let alone the EU, to make the development, production and stockpiling of a vaccine against the next corona crisis, which insiders knew would inevitably come, a condition for market access in Europe. Moreover, essential components of the sort of medicines that are now needed are no longer being produced in Europe as the pharmaceutical industry has relocated their production to, of all places, China (where manufacturing came to a standstill due to the very disease for the treatment of which these substances are needed). The neoliberal revolution made people forget that health care is an infrastructure that must be maintained as a public utility rather than a private money-making machine. Governments and international organizations neglect their basic duties if they fail to provide for the production at home, independent from fragile global production chains, of medications and other materials required for fighting epidemics like Covid-19. The parallels with the failure to re-regulate the global financial industry after 2008, to make it more responsive to the needs of real people in real countries, are terrifyingly blatant; not just the corona crisis can repeat itself any time but also the financial crisis, and now perhaps together with and caused by the former.