

OPINION

The 2010s – Financial crisis: It should have been a great decade for the European left - what happened?

Saturday 4 January 2020, by [DURAND Cédric](#) (Date first published: 31 December 2019).

From Syriza's betrayal to the normalisation of austerity across Europe, it's been a series of harsh lessons for progressive forces.

The [financial crisis](#) defined the European decade. It was the child of neoliberal policies, sketched by economists like [Milton Friedman](#) and rolled out by leaders like Ronald Reagan and Margaret Thatcher in the 1980s. A long wave of deregulation eventually gave rise to a financial tsunami, which put the system on the verge of collapse. In a few weeks during the autumn of 2008, money flows froze, paralysing trade and investment internationally, which trickled down to erode workers' wages and employment conditions. The unfolding of events comforted the left's ideological worldview. But it's clear as day that the left's politics did not prevail.

In the first half of the 2010s, the tide was rising for progressive forces. The victory of [Syriza in Greece](#), the surge of [Podemos in Spain](#) and the presidential campaign of Jean-Luc Mélenchon in France made it possible to believe that the future belonged to the left.

Where did this resurgence come from? After a brief Keynesian interlude of vigorous budgetary stimulus to stop the spiralling depression, European politicians returned to austerity policies. In June 2010, Olli Rehn, then European commissioner for economic and monetary affairs, [argued that](#), "No one can live beyond their means for ever - not even governments." In fact, if a depression is looming, governments can and should "live beyond their means". And central banks must make cash readily available to evade the cascade of failures. No one other than public authorities can do that.

The return to austerity unleashed a second slump in the region, which soon threatened to engulf the euro itself. It was met in the street with a [wave of social unrest](#) not seen for half a century on the western part of the continent. Protests spread in Spain and Greece with massive occupations of public squares and strikes. The spirit of resistance spread to the political realm, with a dramatic retreat of austerity-leaning centre-left parties and the rise of new, more radical organisations.

If there's a single moment that characterises the end of this moment, it's the tragic Greek betrayal of July 2015. In this deadly summer, the [Greek people voted against](#) ("oxi") the bailout conditions imposed by the EU, the European Central Bank and the IMF. But this victory was transformed by Syriza - the only left-of-social-democracy government in Europe - into a humiliating submission. When then prime minister, Alexis Tsipras, [accepted harsher structural reforms](#) to keep Greece's membership of the eurozone, he proved that democracy could be blackmailed. Capital, not people, has the last say.

What to do with Europe? What to do with globalisation? These questions that have haunted the left

for decades are still unanswered. Since the François Mitterrand “[austerity turn](#)” in 1983 - when France’s socialist government decided to abandon its economic policy to preserve the linking of the franc to the European Monetary System - up to the recent defeat of Jeremy Corbyn’s Labour party, the European question has been poison. This is because it divides the left down the middle. On the one hand, there is an internationalist aspiration for more European integration to confront capitalism and pool resources to build a common wealth; on the other hand, any attempt to implement meaningful changes requires a rupture with the neoliberal orthodoxy embedded in European institutions. Add to this the fact that much of the working-class base has a deep hostility to the EU, and there is a wide and visible political breach in the left - of which the nationalist right of Boris Johnson and Marine Le Pen has taken advantage.

In governing circles, unconventional monetary policies have now become the new normal, to the point where the possibility of financial crisis has virtually disappeared: whenever some fragility emerges, it is eased by emergency provision of vast sums of liquidity. Facing another European slowdown, Mario Draghi closed his presidency at ECB with a [new round of quantitative easing](#). And just before Christmas, the [US Federal Reserve](#) launched an additional \$57bn to ease tension in the markets. The wounds inherited from the global financial crisis still cut deep in working-class people’s lives, but there is no shortage of money to support the transatlantic financial system.

At the same time, the [intellectual case for austerity](#) has been killed by a decade of stagnation. Christine Lagarde, the IMF and Emmanuel Macron have called for the abandoning of a budgetary orthodoxy that “belongs in the past century”. Even in Germany, a widening spectrum of politicians and businesses wants to relinquish the policy of zero government deficits to modernise infrastructure and revive business-friendly industrial policy.

There is a cruel paradox here. Left-leaning economists were right when they argued in the early 2010s that markets do not look after themselves. But this insight was taken on board by elites to protect the system rather than transform it. Policymaking was reshaped so that the full economic might of the state was mobilised to stabilise the financial wealth of the richest. Over the past 10 years, those with financial assets have seen their wealth increase as stock markets boosted on quantitative easing steroids, while rightwing leaders like Johnson as well as mainstream European policymakers are now happy to contemplate industrial policies and increased public spending. And the left has been deprived of a crucial argument.

For sure, there are still plenty of other areas where the left is the most compelling voice - on the [climate crisis](#), inequality and confronting the rise of new [digital feudalism](#) as tech giants tower over the economy. But the harsh lessons of the 2010s is that it is not enough to be a critic. Without a strategy tempered in the complicated realities of class politics and a clear conception of how the state can confront global corporations and the institutions that protect them, there will be no victory for the left in the 21st century.

Cédric Durand

P.S.

• The Guardian. Tue 31 Dec 2019 12.11 GMT:
<https://www.theguardian.com/commentisfree/2019/dec/31/decade-european-left-syriza-austerity-europe-progressive>

- Cédric Durand teaches economics and development theories at the University of Paris 13.
- Since you're here...

... we [The Guardian] have a small favour to ask. More people are reading and supporting the Guardian's independent, investigative journalism than ever before. And unlike many news organisations, we made the choice to keep our reporting open for all, regardless of where they live or what they can afford to pay.

The Guardian will engage with the most critical issues of our time - from the escalating climate catastrophe to widespread inequality to the influence of big tech on our lives. At a time when factual information is a necessity, we believe that each of us, around the world, deserves access to accurate reporting with integrity at its heart.

Our editorial independence means we set our own agenda and voice our own opinions. Guardian journalism is free from commercial and political bias and not influenced by billionaire owners or shareholders. This means we can give a voice to those less heard, explore where others turn away, and rigorously challenge those in power.

We need your support to keep delivering quality journalism that's open and independent. Every reader contribution, however big or small, is so valuable. Support The Guardian from as little as €1 - and it only takes a minute. Thank you.