Framing PIGS
to clean own their own stable

Abstract

This paper draws a critical approach of the austerity measures imposed on the so-called PIGS. Particularly, it explores the recent racist framing in political and media discourses of the peripheral member states of the EU, during the debt crisis and decomposition of the Eurozone. The paper observes a relation between Core and Periphery of the Eurozone system based on 3 elements; racism, neocolonialism and uneven development. A racist narrative is constructed which blames the PIGS and their inhabitants for the crisis on the basis of “cultural characteristics and habits”, such as laziness, non-productivity, corruption, wasteful spending and lying. This culturalization of politics (Brown 2008), which reduces the political and economic divergences between center and periphery to a cultural problem between a culture of productivity and one of laziness, legitimates drastic austerity measures and loss of sovereignty. The combination of recent adjustments and the racist narrative is the construction of a new type of colonialism within the EU, very similar to what Nkrumah (1965) observed in the neocolonial world. A democratic solution for the crisis requires the politicization and political integration of all citizens of the EU as equal citizens, although this currently seems impossible.
**Introduction**

Considering the contemporary political, economic and social context in Europe, this paper will examine the *recent racist framing* of the PIGS, that is, Portugal, Ireland (and/or Italy) Greece and Spain, as seen in political and media discourses. Although I will continue to use this very racist term during the paper, I will principally use the terms Core and Peripheral countries, as they are deployed within the framework of the world system theory proposed by Immanuel Wallerstein (2002): the Eurozone as a world system, the core as Germany and to a larger extent the 6 founding members\(^1\) of the EC, and as the peripheral countries the PIGS.

Starting to write this paper I was surprised to find out that the state of art on this subject was very limited. Although there has been some discussion about the pejorative character of the term “PIGS”, the reflection of this subject in academic sources is negligible. This is even more surprising considering the relevance it has had in the current political developments in the Eurozone. Yet the objective of this paper is not to produce an overview of the racist discourse about the peripheral countries; rather I want to produce an interdisciplinary approach to how this racism is being produced and to try to give an explanation of the processes that steer it. I start from the idea that race, (neo)-colonialism and economic development of capitalism are strongly interlinked and form a central framework in understanding the problem of the current racial framing within the European Union.

In this first section I will analyse the racial framework and its reproduction, focusing on actors in the Core and Periphery. The second section analyses the political consequences with the resurfacing of a new type of colonialism within the core of the EU.

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\(^1\) As developed further on, Italy is a special case; where the wealthy North should be considered as Center, and the poor southern Mezzogiorno as periphery.
1 Racism

a. Racist framework

i. Contemporary image

Crisis situations have often been suitable moments for the search of scapegoats; as societies face hard times, the outsider gets blamed for the situation (Amin 2011). The near collapse of the Eurozone is blamed on countries that had problems financing themselves in the financial markets; in particular, the crisis is seen as being originated in Athens (Lapavitsas e.a. 2010; Bohle 2010) and the rest of the Periphery.

A clear example that illustrates my argument has featured in the Belgian media. In a recent opinion-article in the financial newspaper De Tijd (14/2/2012), one of the most renowned newspapers of the country, a Geneva banker, tries to find ‘the cultural factor’ that caused the Euro crisis, analysing the different behaviour of the Greek and the Irish regarding the European-imposed austerity measures. In his view, the causes lay in the fact that in Greece “everyone took part in a corrupt state at his personal level” and Ireland was “ruined by ten foolish years of unrestricted growth and equal greed”. The outrageous “angry Greek resistance” is sarcastically attributed to the Greek “self-image of the only real cradle of European civilization”. According to the author, the “big Greek self-image was totally distinct from the economic reality” and instead of anger, the Greek should show “shame and acceptance”. They should take the Irish as an example, as they understood they had to “turn back to their traditional Irish values, that had made place for greed and materialism”. (Soetens 2012) Although the author’s

2 “iedereen op zijn eigen niveau deelnam aan een door en door corrupte staat”
3 “Er heerst veel stille woede om wat kapot werd gemaakt tijdens de tien ‘zotte jaren’ van ongebreidelde groei en dito hebbzucht, maar het collectieve besef is er gegroeid dat de traditionele Ierse waarden te veel plaats hadden gemaakt voor materialisme en snel geldgewin.”
4 All translations are my own.
critique is directed toward the Greek, in fact he racializes - racialization consists of forms of power/knowledge relationship which focus on the body and processes of subjection and establish biological, environmental and cultural hierarchies with reference to physical being. (Goldberg 1993, p.54) - both Greek and Irish, ‘their problems’ and ‘their behavior’: Irish are the good, nearly childish, uncivilized people and the Greek are the evil uncivilized.

Dominant explanations reproduce the old mantra of ‘blaming the victim’. It are not the structures of the Eurozone and the Global financial and economic system which are seen as the origin of the problem, but their biggest victims: The populations of the debt-economies themselves. If it is not due to their own unproductive culture, then it is because they are irresponsible (Hadjimichalis 2011) and ignorant for choosing the wrong political representatives. The peripheral culture is represented by a weak peripheral state that cannot or does not want to control its subjects, by corruption, by clientelism and inefficiency (Lapavistas in Lapavitsas e.a. 2010).

The racist narrative blaming the PIGS-countries for the current crisis, is achieved on the basis of certain “cultural characteristics and habits”, such as laziness, non-productivity, wasteful spending and lying, forming a “Mediterranean mix of indiscipline, extravagance and outright corruption” (Bohle 2010). Greeks for example would be corrupt, crooks (Lapavistas, in Lapavitsas e.a. 2010), lazy (Bohle 2010) liars (De Grauwe 2010), would have easy jobs and retirement at 42 (Bratsis P., in Lapavitsas e.a. 2010).

This is the typical racist framework of the good self and bad other; the overall ideological strategy of negative, sometimes blatantly racist, in other occasions more subtly, other-presentation contrasts with positive self-presentation. (Van Dijk 2009) The negative image of the PIGS is contrasted with ‘the good white people’, who are civilized and trained and can work dutifully up to at least 73 or 74 years old and pay more than
their share of taxes for the Greek citizens’ (P. Bratsis 2010). These “hard working Germans”, now have the feeling they have to bleed for Greek sins. (Bohle 2010).

It’s the duality of “the thrifty north and lazy south” (Bohle 2010). This whole framework ultimately comes together in the very acronym assigned to the peripheral countries: PIGS. Those countries are framed in a typically colonial way. The term itself reduces these peripheral countries to imagery of beasts, inferior animals, and certainly of non-humans. The European elite treats the European south as undeserving poor or colonial subjects to be reformed or civilized (Costas Douzinas & Papaconstantinou 2011). This forms a narrative to legitimize new forms of colonialism within the Eurozone.

ii. The historical origin of racism towards the periphery

The contemporary racist framework identified above is built on a historically existing racialization of southern and peripheral Europe, but which had been lying dormant in the years of economic growth and prosperity. Historically, narratives about the PIGS have two historical pillars: the anti-Mediterranean racism and anti-Irish racism.

The idea that the Mediterranean constitutes a lazy culture exists since the moment of second modernity; the moment when the core of the world system and its ideological centre moved from the Iberian Peninsula to North-western Europe. (Sousa Santos 2009) The rise of racism in the nineteenth century Europe, that sought to present European culture as “pure” in origin and, especially, free from oriental influences, recognized modern Greeks as descendants of the classical Hellenes but stopped of granting them full “European” status. Having spent four centuries under Ottoman rule, their culture was corrupted by Oriental influences and had stagnated. (Argyrou 2005, p.55) The same could be said for the Iberian Peninsula and its centuries of Arab rule.

In cataloguing the variety of racial aliens, Enlightenment science extended the racial self-definition it applied to the colonies to Europe: Western Europeans were classified on the hierarchical scale moving upward from dark-skinned and passionate Southern
Europeans to the fair-skinned and reasonable Northerners. (Goldberg 1993, p.210)

For centuries-long, the word Mediterranean' contains an eternal dream of the perfect holiday, poetry, visual art and music. its people are what we are not: talkative, emotional, passionate, tanned (Frykman 1999, p.283). This culturalisation of the Mediterranean, or Mediterraneasation, looks very similar to the typical exoticism associated with colonial racism. Nowadays Mediterranean has developed into more of a folk-concept founded upon tourism and a general interest in roots and tradition, turning it into a theme-park. (Frykman 1999, p.284)

The derogatory nature of the idea of the Club Med, and even the concept of PIGS (Loprete 2007), already existed in the 1980's and 1990's. In that period the south of Europe had been the undemocratic part of Europe (with Spain, Portugal and Greece having a military, fascist dictatorship until the seventies), the underdeveloped part of Europe (with a poor economy), and culturally "slow people" (with prejudices about the siesta, laziness, etc.)

Ireland is in a somewhat different position. Although it has not the same history of anti-southern 'siesta-racism', the Irish people have also undergone a long period of racialization and racial discrimination, mainly by the British. (McVeigh 1992) This explains partly why Ireland is in somewhat a different position than the other PIIGS and why it’s sometimes substituted by Italy in the acronym PIGS. Italy is in a specific situation, where the north is part of the Core of the European economy and the south, the Mezzogiorno, is in a similar position as the PIGS. A similar evolution of racism and uneven development is taking place in the country of Italy itself and explains why the country sometimes is and sometimes is not included in the PIIGS.

It’s not by accident that those PIGS are traditional emigrating countries, where people were forced to leave their country, family, society and culture for a better future, usually in the countries of the Core. Today’s crisis forces young inhabitants from the PIIGS to
leave their nations, as did their grandparents, in search for what could be a better future. For instance, the Portuguese Prime Minister Passos Coelho proposed emigration as the best solution for the unemployment of Portuguese teachers. (Publico 2011b). Irish emigration rates are at a higher level than nineteenth eighties, with more than 50,000 Irish leaving their country per year (O’Carroll 2011) Similar tendencies can be found in Greece, Spain and Italy (Richter 2012). Neoclassic economics calls this tendency to emigration the necessity of factor mobility to balance the economic imbalances.⁵

However, in the receiving countries they are frequently treated as second-class citizens. Mediterranean immigrant workers in the ‘highly developed’ capitalistic nations of Europe are confronted with racism, to the extent that ‘black people’ from the former colonies would consider them as black, basing this designation on common experiences of colonial and Mediterranean immigrants (Essed 1991, p.118)

This racist image about the PIGS lied dormant during the nineties and the beginning of the years 2000, when the peripheral economies were booming. As the consequence of, first the flooding by structural funds, and thereafter the opening of financial markets and diving of the interest rates following the implementation of the Euro, the economies showed the highest growth rates in the Union. For a time, Ireland and Spain were the symbols of neoliberal success. What afterwards showed to be a speculative bubble, in fact deflated the existing xenophobic framework about peripheral Europe. The current crisis was the start of a resurfacing of the anti-peripheral racism.

⁵ Where those deportations in the Stalinist world were done on the basis of a political cost-analysis but by a detached political class, they were (correctly) condemned as “unfree” and “forced labour”. When it is by the “invisible hand” which only takes into account the monetary costs, this seems to have been the consequence of “free will” and “free mobility of labour”.
b. Reproduction

i. De-politicization: the conditions of reproduction

One of the reasons why the existing economic divergences and inequalities were to a large extent kept out of the explanation of the Eurocrisis, and therefore could not produce a counterweight to the racial/cultural explanation, is the de-politicization of the political debate in the last decades.

The dominant ideological currents of the past decades, along with straightforward neoliberalism (liberal right) and its ‘official’ ‘social’ opposition (new, third-way left), contributed to depoliticize the development debate within the EU. The neoliberal current based itself on the neo-classic development economic models which can mathematically prove that markets will balance unevenness in development automatically. The new regionalism individualizes cities and regions, focuses on success and competitiveness (ignoring failure), but ignores power, structures and injustice, depoliticizing the debate and leading questions into inoffensive paths it is easily absorbed in neoliberal policies. (Hadjimichalis 2011)

The de-politicization involves the removal of a political phenomenon from the comprehension of its historical emergence and from the recognition of the powers that produce and contour it. De-politicization also substitutes emotional and personal vocabularies for political ones in formulating solutions for political problems. Historically induced suffering is reduced to “difference” (Brown 2008, p.17)

The de-politicization process of neoliberalism goes together with a de-democratization process. (Balibar in Lapavitsas e.a. 2010) In the eyes of political and economic elites alike, Western democracies have become ungovernable because citizens overindulged themselves. Consequently popular democracy should be limited, authority should be
restored and the interventionist state scaled back. A method to separate policy from broad political accountability and the popular democratic process was to elevate the central institution of monetary governance high above the national electorates, something already proposed by Friedrich von Hayek in 1939, who saw it as a solution to protect the economy from democratic politics. (Bohle 2010)

This process has cleansed the political debate, so that class and geographic differences became unmentionable, as happened with the operation of the Eurozone, the role of neoliberalism and unequal trade, inequalities, social justice and solidarity. This discourse legitimizes a whole set of undemocratic measures because ‘there is no alternative’. Hadjimichalis (2011, p.267) speaks of “Ideology through Erasure”.

The same depoliticizing logic exists in what Boaventura Sousa dos Santos (2007) describes as abyssal thinking. Santos argues that the abyssal line, the deep sea that existed between the former colonizers and colonies, today actually exists within contemporary thinking. This abyssal line lets disappear the universe on the other, colonized, side of the line, turning it irrelevant or incomprehensible. The abyssal line in our contemporary thinking distinguishes metropolitan societies from colonial territories, and also the manner how things are dealt with. Colonial matters, because they are made incomprehensible, are dealt within the paradigm of appropriation and violence (Sousa Santos 2007).

The abyssal line also applies to contemporary political discourses about the PIGS. The abyssal line is a curtain which leaves certain issues visible and hides others. As Brighenti (2007) argues, visibility is a fundamental property in the process of racialization; it used to divide marked and unmarked people, resulting in a classification applicable to every case, and serves as a base for racialization. But visibility is also used to divide visible and invisible causes and problems according to power relations.
The real causes of the problems of the PIGS became ‘invisible’, and what remains visible, cultural differences as explanation for the crisis, reinforces racist patterns.

Within the colonial paradigm of appropriation and violence (Sousa Santos 2007), the new European colonizers take over control of the sovereignty of the PIGS and demand assimilation to their policies. When their violent dictates are not met, the populations are confronted with ever greater social war and austerity causing social effects, like hunger and human degradation, which until now where unthinkable in the ‘civilized world’.

This abyssal line, the essence of racialization or culturalisation, is used to delimit principles, such as virtue, autonomy, equality, utility and rights, in various ways to the Centre economies and the “the good productive white people”. This limitation leaves the ‘others’ in conditions that clearly contradict the primary principles of moral tradition of the metropolitan centre, such as democracy, rights, equal treatment, justice and fairness.

Boaventura Sousa Santos (2011) argues that there’s a return of the colonizer, resurrecting forms of colonial rule, within metropolitan societies such as the EU. Besides the appropriation of sovereignty by colonial-like institutions as the Troika of IMF, ECB and the EC, one could also categorise the imposed massive privatization is a re-emergence of the concept of indirect rule, when the sovereign entity is retreating from social regulation and public services. The “Rechtsstaat”, a concept on the metropolitan side of the abyssal line, is being substituted by private contract obligations where the weak part is being put at the mercy of the strong. (Sousa Santos, 2011)

This de-politicization combines perfectly with Culturalization of Politics that reproduces racism. Culturalization of politics, or “Culture Talk” as Mandani calls it, is the assumption “that every culture has a tangible essence that defines it and explains politics as a consequence of that essence”. (Mamdani 2005, p.17) “The culturalization
of politics analytically vanquishes political economy, states, history, and international and transnational relations. It eliminates colonialism, capital, caste or class stratification, and external political domination from accounts of political conflict or instability." (Brown 2008, p.20) Contemporary liberal doctrine positions culture as “its Other” and also as necessarily antagonistic to its principles unless it is subordinated—that is, unless culture is literally “liberalized” through privatization and individualization. It reduces everything that does not fit in its liberal political and economic framework to something called culture at the same time that it divests liberal democratic institutions of any association with culture, (Brown 2008) ignoring liberalism is culture; the culture of the dominant classes in the core of the world system.

The racist framework can be reproduced because of this liberal hegemonic view. The de-politicization has been essential in the legitimation of the undemocratic, authoritarian, colonial-like intervention to ‘help’ Greece, Portugal and Ireland as we will see in the last section of this paper.

## ii. Actors & reproduction process

In the racialization of the periphery, we can identify two main processes at work: the electoral process and the construction of a racial media-discourse; the main responsible actors for the reproduction of racism against the PIGS in those processes are the political system and the media. Both actors contribute to this reproduction process, both in the Core and the Periphery, albeit in slightly different ways.

### Politics

The political world in the North uses rhetoric that reinforces the racist framework. The leaders of the core countries first used the cultural rhetoric to strengthen the arguments of the framework and by this to legitimize the imposed cuts in order to save their own
banks. These cultural arguments were afterwards used by populist right-wing opposition leaders in the same countries to delegitimize the European help. This “help” was portrayed and broadly perceived as a transfer from Core working class taxpayers to Peripheral corrupt states and their “lazy, lying” populations, although it was a transfer from mainly core working class taxpayers, in the form of state warrants, to mainly core banks. This populist arguments spread easily among voters, who were perceiving an attack on their living standards, blaming the Periphery on the basis of populist, government and media propaganda. The potential success of those populist players, then again strengthened the core leaders to “re-strengthen” their own rhetoric in order not to lose votes, which re-strengthened the racial rhetoric and created a continuous spiral of growing racialization. This is the case for example with the Dutch government and the opposition of Geert Wilders and the PVV (Stolker 2011), it is equally the case with the French government and the right-wing opposition of Le Pen and the FN. Similarly, the populist right-wing opposition within her own party forces Merkel to harden her rhetoric, etc.

What is more surprising is a similar electoral process is taking place in the peripheral countries. The political leaders of the PIGS also reinforce the racial framework. By not questioning the neoliberal ideology and the conditions of the austerity packages; or even defending those reforms, they are de facto reinforcing the de-politicization and strengthening the framework. The electoral rhetoric strengthens the fact that politicians should be “responsible” and so, if not forced legally, at least voluntarily comply with the demands of the core and its international organizations involved in the “help-plans”, the ECB, the EC and the IMF. By accepting and defending the need of international “help” and the austerity packages they in fact admit that the population of the PIGS have a “wasteful and irresponsible culture”. By copying the rhetoric of “living above ‘their standard”, they de facto admit the racial framing around the Euro crisis.
Moreover, the fact that the opposition usually attacks governmental policies on the basis of corruption to explain hardship of the people, and by blaming the corruption and mismanagement of previous governments for the disastrous economic situation by the new ones also reinforce the idea of the ‘corrupt’ culture. By taking this kind of right-wing attitude, principally if these claims are made personal and are not politically framed, this kind of rhetoric reinforces the framework and give it legitimacy.

**Media**

Media-discourse always plays a major role in the reproduction of racism, as mass media are the primary source of knowledge about phenomena, in this case the Eurocrisis. News media do not passively describe or record news events, they actively reconstruct them in the interest of the powerful based on corporate interests, professional ideologies and institutional routines (Van Dijk 1989).

The fact that the media reconstruct the reality in the interest of the powerful and by this reproduces their rhetoric, makes the media, besides the political arena a major actor in reinforcing the racist frame of the PIGS. Coinciding with the neoliberal rhetoric and its de-politicization, the racial framework within media discourse of the past decades is produced according to the corporate interests of the owners of the media-concerns.

Resulting from those interests, there was a huge media campaign against the PIGS. The story constantly aired by most news outlets is simple enough: “Greece, we are told, free-rode on the security offered by the rest of Europe to attract money from foreign investors, and then spent it lavishly on its bloated public sector”, stereotyping “lazy Mediterranean people” conning their hard-working North European partners and then shamelessly asking for a bailout. (Liaras & Mylonas 2011) It was primarily through this racial rhetoric that the German tabloid press, incited public opinion against the lazy Greek.(Bohle 2010)
This paper does not allow a full discourse analysis, deeper study should be made, but generally we can observe a media discourse, primarily focused on corruption and inefficiency stories in the PIGS, often illustrated with individual examples, without a critical political analysis. Through this kind of discourse in the media we have been witnessing the denunciation of the whole Greek people, (Balibar 2010) and the other PIGS. Here follow a few examples, though not claiming that this would be by any measure scientifically representative.

De Morgen, a traditional progressive Belgian mainstream newspaper for example published an article under the title "Debt-ridden Portugal builds school without accesses" (DM 5/12/11). The Guardian, also a progressive mainstream UK newspaper published an article with the following quote: "... Italian workers have paid themselves more than their German equivalents over the past 10 years for doing less work, less productively..." (Guardian, 5/11/11, Weeks 2011). The progressive newspaper The Guardian wrote on the 1st of April 2011: “Ireland hopes fifth bailout will end the years of corruption and greed, taxpayers have borne the cost of the country's failure to face up to the truth”, de facto assuming that the problem of the country would be primarily a problem of greed and as if British bankers and politicians would be less greedy and less corrupt. The German magazine published an issue with a cover title "Betrüger in der Euro-familie", meaning something like "liars/deceivers of the Euro-family". (Focus, 20/2/2010) The popular German magazine Bild, in January 2010, published an article with “the basic facts about Greek corruption” under the title: “Ohne Schmiergeld läuft in Griechenland fast nichts mehr” (without bribes nothing does work in Greece.) (Santen 2010) On the popular Flemish political TV-show “De Zevende Dag”, right-wing populist politician Jean Marie Dedecker called the Greek and their politicians, the Pasok in particular: “as corrupt as the PS of Charleroi”, in the meantime racializing the Walloon part of Belgium (12/02/2011).
2 Neo-colonialism

Methods of neo-colonialism

As a basis for comparison with neo-colonialism, this article is based on Nkrumah’s “Neo-colonialism, the last stage of imperialism”, where he analyses the continuation of the colonial relation after official decolonization. As a Political theorist, pan-Africanist, political activist for African rights and independency, Kwame Nkrumah is considered as one of the leading African academics and politicians, he has been voted as African of the Millennium by BBC Africa listeners in 1999, and was considered the “true son of Africa”, only second to Mandela in 2004. (Biney 2008)

In his work about neo-colonialism, Nkrumah (1965) identifies a number of methods of neo-colonialism. Although his work was primarily conceived for understanding the situation of 3rd world countries after decolonization, it looks frighteningly applicable on the peripheral countries in the Eurozone today. These methods include the domination of the economy by monopolies of the core countries, Western monopolies-dominated ‘free trade’, charging high interest rates by Core banks to peripheral countries, ‘multilateral aid’ through international organizations, particularly the IMF combined with hard conditionality and supervision by these institutions, widespread and widely use ideological and cultural weapons combined with hegemonic control through the control of media.

Within the current European context, control by foreign companies is not as easy to identify. If we take the conception foreign companies as "companies who are not nationally controllable", by the peripheral countries, then the situation is very clear. Not only did companies which were traditionally linked with the core countries capitalist class deeply penetrate the PIGS economies. Moreover, free mobility of capital created
a situation where countries, principally the ones who are in a weaker position, like the PIGS, lost total control over these companies. Even a big part of the PIGS' own historical companies moved their official headquarters to the Core. 17 of the 20 PSI-20 companies, the Portuguese stock-market, for example have their headquarters in the Netherlands. (Publico 2011a) None of the big companies/monopolies can therefore be seen as "national". We can thus assume a free trade where the majority of the trade is dominated by big non-national companies.

The interest rates-argument does not need too much illustration. Since the debt-crisis, all of the PIGS have been struggling with very high interest rates, to a level when they were not able to finance themselves. This is particularly clear when comparing the interest rates of debt-ridden countries on the markets or even at the EFSF, with the interest rates banks have to pay when borrowing money from the ECB. Portugal for example had to pay 5,0 to 5,7 per cent\(^6\) to the EFSF (in addition to hard conditionality), compared to the ECB-rate of 1,00 per cent\(^7\). Comparable figures apply for all other PIGS.

As the role of the media and cultural hegemony in the reproduction of racism has already been discussed, this only leaves the multilateral aid mechanisms. The multilateral aid argument is probably the clearest in the case of the Eurozone. As happened in the case of the numerous peripheral countries in the world system during the last decades, a financial crash obliged them to accept multilateral help from the IMF and the World Bank. In these cases those institutions took control of the management of the countries, de facto abolishing public accountability and implementing structural adjustment programs. Portugal, Greece and Ireland found themselves in a similar situation.

\(6\) The interest rate charged to Portugal for the first tranche of the EFSM will be 5.0 per cent for a 5-year bond and 5.7 per cent for a 10-year bond. (EC, 2011)

\(7\) Interest rate levels in percentages per annum, Main refinancing operations, Fixed rate tenders, Fixed rate, 14 dec 2011, (ECB, 2011)
The Global Financial Crisis brought fundamental economic problems in the Eurozone to the surface. The budgetary stimuli needed to avoid a deep Global Recession in the period after the crash of the financial system and the collapse of tax-revenue following the slowdown of the economy had a massive impact on state budgets and sovereign debts all over the world. The divergence within the Eurozone however, between Core and Periphery, however, is not new. The geographical/regional characteristics determined an uneven development of capitalism within the European zone since the beginning of the development of capitalism and were only strengthened by the introduction of the Eurozone.

The European 'integration process' led to the de-industrialization of the Periphery, as the neoliberal policies, provoked a loss of competitiveness. For more than ten years Relative Unit Labour Costs were rising in the PIIGS and lowering in Germany and the Core countries, (De Grauwe 2010; Hadjimichalis 2011) consequence of the “German model”, whose reunification with the DDR enabled a 15 year period of salaries rising slower than labour productivity, (Hadjimichalis 2011) and rising inflation in the Periphery, consequence of the monetary unification. Most productive industry in the Periphery was simply dismantled (Hadjimichalis 2011), by the liberalization of the economy and international markets, losing their relatively low-wage based industries such as textiles, ceramics and footwear to Asia, Turkey and North-Africa (Smith e.a. 2002; Hadjimichalis 2011).

Furthermore those countries were historically dependent on a primary sector which was to be abandoned according to EU-policies. Fishing was restricted through EU-quota and the EU paid subsidies to abandon. The whole system of family agriculture in
Portugal for example, was totally destroyed during one decade of Common Agricultural Policy. (Sousa Santos 2009) This left the peripheral countries in a situation where it had to rely on tourism, shipping and banking and other types of colonial style “comprador” capitalism (P. Bratsis 2010), largely dependent of foreign control.

Although on the first sight it may seem contradictory, the productivity-slump was nevertheless combined with higher growth rates in the peripheral countries than in the Core during the first years of the monetary unification. The deficit on the trade balance was reflected on a deficit on the balance of payments. This was provided through the integration in the European financial system and the introduction of the Euro which provided the peripheral countries with easy and cheap credit to buy the Core commodities. (Bohle 2010) French, Belgian, Dutch and German banks and German style ECB policy where financing the Portuguese, Greek, Spanish, Irish consumers and states to buy French, Belgian, Dutch and German products; Germany is as responsible for the Euro crisis as Greece, as Picture 1 shows (Van Craeynest 2011). Picture 2 shows how important South Europe was for German exports, its share explosively growing relative to China, USA and Japan. (Hadjimichalis 2011)

The growth was thus primarily based on the growth of public and private deficit spending, based on the low interest-rates and falsely rising credibility (Hadjimichalis 2011) producing housing bubbles rather than real commodities and services, losing competitiveness in the process. (Bohle 2010) The consequence was a situation where the adherence to the EU and the Eurozone provoked a deficit on the trade balance for the peripheral countries, reaching gigantic proportions, like 15 to 16 per cent of GDP in Greece (Lapavitsas e.a. 2010). The process of the monetary unification, thus only accelerated the economic and budgetary divergence. (Hadjimichalis 2011) The combination of the differential in competitiveness and private savings was the basis of the current situation and explains why the peripheral countries - as Costas Lapavistas (2010) shows for the Greek case - where much harder hit.
The Euro crisis forced a situation in which the core countries made themselves available to “help” the Periphery. Two things should be said about this. First that the Core was primarily interested in helping its own banks. The Bailout is not a gift; the fund is not used to pay civil servants salaries. It was a plan to temporarily save Greece, to pay off the debt held by German and French banks. (Lapavistas in Lapavistas et al 2010). The “help” to the PIGS trough the EFSF allowed Germany and France to bail out their own banks indirectly by bailing out the Peripheral states, avoiding direct bail outs, as in 2008-2009. (Douzinas & Papaconstantinou 2011)

Second, that this kind of “help”, from the Centre to the Periphery within a world-system has ‘hard conditionality’. As in the former colonies, the cover of ‘aid’ devises innumerable ways to accomplish objectives formerly achieved by naked colonialism. (Nkrumah 1965) The stabilization fund of 750 million Euro and the fact that the European Central Bank is deeply drawn into the politics of European “solidarity” comes with heavy strings attached. (Bohle 2010) The Greek “help”-plan was the first example of the shock doctrine applied in Europe, a situation only acceptable in ‘civilised societies’ in case of emergency. (Kouvelakis in Lapavitsas e.a. 2010). The PIGS were forced to undergo an internal devaluation, with deep cuts in wages and public spending as an alternative to currency devaluation. The European commission has gained control over national budgets, as early in the process they have to be approved, even before they are endorsed by national parliaments (Bohle 2010).

Countries that get into market-trouble see their sovereign discretionary powers restricted. This places the debtor nation in a position of “colonial submission”, a situation that could be compared with a torture chamber, (Financial Times 2010; Bohle 2010), in which the elite treat the European south as undeserving poor or colonial subjects to be reformed or civilized (Douzinas & Papaconstantinou 2011). The loss of economic sovereignty comes with an attack on the political and economic integrity of the country. Not only the government, but also the opposition is forced to accept the
new austerity conditions before the next loan instalment is paid. (Douzinas & Papaconstantinou 2011) Those measures will lead Greece into a deep recession and enduring depression (Douzinas 2010; Hadjimichalis 2011; Krugman 2012; De Grauwe 2010) only to be adapted when there’s a risk that the austerity will risk to unable Greece to pay back its debt, when the crisis produces contagion and Core banks could be affected. (Hadjimichalis 2011).

The measure are imposed without any element of democratic discussion, together with the involvement of European leaders in the replacement of national leaders of Italy and Greece, and the cancelling of a Greek referendum, in recent months, cancel out any remaining democratic processes, replacing it by a kind of dictatorial process (Balibar, in Lapavitsas e.a. 2010). “Under cover of “aid”, it devises innumerable ways to accomplish objectives formerly achieved by naked colonialism”, Nkrumah (1965) said about neo-colonialism. It is the total sum of these modern attempts to perpetuate colonialism while at the same time talking about ‘freedom’, further strengthening processes of uneven geographical development and racism within the Eurozone.

**b. The history of peripheral neo-colonialism.**

Neo-colonial tendencies within the Eurozone today are not happening in a historical void. As with racism towards the peripheral countries, and the historical existence of uneven development, there is also a history of colonial and neo-colonial relations between the Core and the Periphery in Europe.

Portugal has a long history of being in a near colonial subordination to the central countries of Europe, Britain in particular. (Sousa Santos 2009) The eloquent proof of the old colonizing country turned into a subalternization within the European zone, was the Berlin Conference and the “scramble for Africa” in 1884. (Sousa Santos 2009) The
colonial zone prevented Portugal, and to a lesser extent Spain, of forming an independent national bourgeoisie with its own national project, keeping them dependent from the central European countries. (Sousa Santos 2009) From the 1640’s Portugal became economically dependent on Great Britain and increasingly incapable of developing a balanced economy, further tightening British control over the Portuguese economy, (Alden 1971) which “fell into the informal colony type, the cheapest and most rewarding type for the British imperial appetite” (Sideri 1970).

Also Ireland and Greece have a long history of dependency; Ireland was a long time colony of the United Kingdom, Greece, until the 19th century was a colony of the Ottoman Empire. Partially because of this, they were never able to form their own national bourgeoisie, capitalist economy and strong state. The incapability of forming a national elite prevented them to move in the direction of becoming themselves the core. Recently, the EU-project looked an opportunity to become member of the core of the global capitalist world-system; the European Union meant these countries should not be bothered anymore about the lack of a bourgeois revolution and a fully developed national capitalistic economy (Sousa Santos 2009). The current Euro-crisis however, with its neo-colonial consequences, proved this perspective to be false, with a serious loss of sovereignty as a consequence.

Conclusions

This paper has shown political discourses and processes within the Eurozone that can be characterized as racist and neo-colonialist. The neo-colonial treatment peripheral countries are submitted to, clearly contradicts the primary principles of what would be portrayed as the European moral tradition following the Enlightenment such as democracy, rights, equal treatment, justice and fairness. Racialization or culturalisation is used to delimit principles, such as virtue, autonomy, equality, utility and rights to the
Centre economies and “the good productive white people”. It enables the authorization of discriminatory exclusions on the basis of the principle of moral reason itself (Goldberg 1993).

It also showed the strong connection between the processes of racialization and neocolonialization and the internal processes of the uneven geographical development of capitalism as a form of legitimation. Racial discourses and processes have (re)surfaced as a consequence of the current crisis of the European Monetary zone. The divergence between north and south, core and periphery; a two-velocities Europe provoked by the EU economic policy itself, threatens the survival of the Eurozone, the EU-project, the biggest financial and economic interest groups in Europe and the world and even peace within Europe. It lays the basis for a new wave of racism in Europe, directed towards the peripheral economies, designated in a typical colonial way as PIGS (Portugal, Italy, Greece and Spain) or PIIGS (If Ireland is added).

**A possible way out**

The reason why today’ racist framework can exist is because there is no inclusive European citizenry which guarantees economic redistribution, legal and cultural recognition. Citizens from PIGS’ countries are therefore not considered in the same citizenry as Germany and other core countries. Can they, and if so, in which circumstances, be count as subjects of justice in the Eurozone?

The result of the non-existence of a citizenry which is inclusive towards the inhabitants of the PIGS is that the first crisis reproduced nationalistic and antagonistic attitudes. (Hadjimichalis 2011) This is the case in all types of federations without a common identity to base solidarity upon to guarantee necessary transfers to balance inequalities provoked by uneven development. This was the primary reason why the rise of
capitalism coincided with the rise of the nation-state, as the institution was needed to create an entity that could legitimately protect society against disruptions provoked by the market system. (Polanyi 1944)

Contrary to the rhetoric that the European Community would have been built on solidarity, the Eurozone did not meet any of the conditions to mitigate uneven development: there was no similarity of the economic situations, there were barriers to total factor mobility (especially one of labour), there were different inflation preferences and no automatic fiscal mechanism for redistribution. The Euro project proved not to be able to play this role, as the EU was exactly conceived, within the neoliberal narrative, not to have these bourgeois nation-state characters of an extent of collective solidarity, at least among the elites.

Usually the solution proposed for the Euro crisis is a further integration process. The Euro-crisis is explained by the existence of an independent monetary authority combined with the non-existence of an economic government. The existence of a common economic policy would be a solution for the divergence provoked by a unified interest rate policy but with different conjunctural cycles. This solution is usually called political integration. (De Grauwe 2010) Two things have to be said about this; first about the extent, second about the feasibility.

The Political integration usually is proposed as the transfer of more power to the European Level. Economic government today is interpreted as the transfer to the European level of control about national budgets, giving the EC the power to veto them. This however is not the kind of political integration that could mean a solution. The problem of the EU is that to work efficiently as an entity within the capitalist world system, it should at least be able to cope with the tasks of the nation-state; the historical institution that evolved on the national level as a response to uneven geographical development and that created instruments of integration such as official
citizens’ rights, and the integration through forms of participation and accountability such as elections, the formation of a common identity to legitimize wealth transfers and the creation of a common dominating class that can implement a common policy to its interest. This also would mean that the EU should make a clear choice to include or exclude the peripheral people in its citizenry with equal rights, also social, cultural and economic; annihilating or institutionalizing race.

The feasibility of the integration is another issue. At the current moment it does not look like the German financial elite and the Core Governments are considering a transfer of their wealth to the south to counterbalance the effects of uneven development of the economy of the Periphery or at least cushion the social effects. On the contrary, it is exactly doing the opposite by imposing hard austerity. The consequence is that the inhabitants of the Periphery will stay being treated as second class citizens which lack the same economic and social rights.

Amin, A., 2011. Xenophobic Europe. opendemocracy.net.


Douzinas, Costas & Papaconstantinou, P., 2011. Greece is standing up to EU neocolonialism.


Mamdani, M., 2005. *Good Muslim, bad Muslim: America, the Cold War, and the roots of terror*, Three Leaves.


Attachments

**Picture 1** (Van Craeynest, 2011)

![Graph showing balance of payments for Duitse buil in million euros between 1995 and 2010. The graph compares Duitsland, PIIGS (Portugal, Ireland, Italy, Greece, Spain) against each other.](image)

**Picture 2** (Hadjimichalis, 2011)

![Graph showing value of exports for Southern Europe, USA, China, and Japan from 1995 to 2007.](image)

The myth of fiscal profligacy

![GIPSI average debt/GDP](chart.png)