THE EURO SYSTEM AND THE OVERALL EUROPEAN PROJECT: FAILURE OR FULLY-FLEDGED SUCCESS?

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ABSTRACT

Some critical economists appear to believe that the European monetary union (EMU) has gone somewhat astray, and that the working of the euro area could be made significantly better if only the flawed nature of a few key theoretical underpinnings of the project was duly recognized. Quite to the contrary, it is maintained in this article that EMU has indeed been fully successful from the point of view of its actual objective, which has never been that of increasing the overall welfare of the majority of the population concerned. In the light of actual experience, EMU can be interpreted as a deliberate project to undermine wage earners' bargaining power throughout the Continent. The building of the euro system is shown in the article to have been but the way in which the epoch-making policy shift suffered by advanced capitalism as a whole since the early 1980s was brought about in continental Europe. Differently from the USA and the UK, in continental Europe that shift, with its attack on the material living conditions of wage earners, developed gradually and indirectly through the progressive draining away of national economic sovereignties. It is the removal of the nation state, coupled with the absence of a supranational political power, that the building of the euro system has largely achieved. The preservation and strengthening of this double absence is what the strenuous safeguard of the system is currently aiming at.

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AN EPOCH-MAKING POLICY SHIFT

With the decisive contribution of what once was the European Left, the building of the euro system has indeed achieved a few significant structural changes in the economic and social conditions of continental Europe. To a greater or lesser extent, each member country has been made a hostage to international financial markets - to the creditors' world, that is to say, a world naturally obsessed by one and just one policy objective: price stability. Price stability and monetary unification as "catalysts" for political integration were successfully sold to the European peoples as their "common cause", their fundamental aspiration worthy of the giving up their national sovereignties in the monetary and fiscal spheres, as well as in all the other chief domains of economic policy.

This epoch-making policy shift has impoverished the Continent. No relevant aspect of social life was spared some form of degradation, thereby ensuring the majority of its population as much distress as possible. As the historian Adam Tooze has remarked, "the eurozone, through willful policy choices, drove tens of millions of its citizens into the depths of a 1930-style depression. It was one of the worst self-inflicted economic disasters on record" (2018: 15)[2]. At the same time, however, the system has been a complete success from the point of view of its actual goal, which has never been that of increasing the overall welfare of the majority of the population concerned. EMU can be interpreted as construing a deliberate project to undermine wage earners' bargaining power throughout the Continent. Let us elaborate a little on this interpretation of the European project. A few analytical steps should in fact suffice for convincing oneself that the building of the euro system has been but the way in which an attack on the material living conditions of wage earners, experienced by advanced capitalism as a whole since the early 1980s, was actually brought about in continental Europe.

THE DEPARTURE FROM THE ORIGINAL VIEWS OF THE PROJECT

Arguably, the just-mentioned attack was prompted by a general slackening of the social discipline, and the bringing of the distributive conflict to a possible critical stage, consequent upon a long period of high levels of employment, a situation eventually aggravated over the 1970s by two dramatic rises in oil prices. I have maintained elsewhere (see Pivetti, 2013) that these facts, plus a reduced fear of communism linked to the worsened performance of the Soviet system since the late 1960s, can be regarded as the decisive factors in the shift in emphasis away from high employment and income redistribution, which eventually brought about, both in Europe and the USA, rates of unemployment and income inequalities that would not have been considered politically acceptable in the 1950s and 1960s. But while in the USA and in the UK the attack on the material living conditions of wage earners occurred openly and frontally between the end of the 1970s and the beginning of the 1980s[3], in continental Europe it developed more gradually and indirectly, through a *change* in the European project.

There can be little doubt that the project departed markedly over the 1980s from the views previously expressed in such official documents as the Werner report (1970), the Mac Dougall report (1977), the Jenkins report (1977) and the Marjolin report (1979). In those documents it was acknowledged that a common currency in Europe would have required large-scale fiscal transfers between countries; removal of

[2] But Tooze writes also that those tens of millions suffered "for no good reason", in that the management of the euro zone had no rationale being just "the story of a train wreck, a shamble of conflicting visions, a dispiriting drama of missed opportunities, of failures of leadership", which benefited nobody but a tiny minority of bondholders and bankers (*ibid*.). The view put forward in this article could hardly be more distant from this last contention of Tooze's.
[3] In the UK, recourse to a severe deflationary policy stance brought the rate of unemployment from 5.4% in 1979 up to 11% in 1984. The year 1984 was in the UK also that of the 12-month strike of miners, then the country's best-paid blue-collar workers, which ended up with the defeat of their union, the strongest British union, and the promulgation of new rules markedly restrictive of strike rights. To the most emblematic defeat of British wage earners, there corresponded in the USA that of air-traffic controllers: in 1981 their strike ended up with thousands of lay-offs, the suing of many union leaders and the promulgation of anti-strike laws. As in the UK, also in the USA the frontal attack on wage earners was preceded by a phase of stern deflationary policy, which increased the rate of unemployment from 5.8% in 1979 to 11% in 1982.

capital controls was envisaged to take place only in the final stage of the process, when, together with the establishment of a common balance of payments, both monetary and fiscal functions had been centralized to a significant extent, so that, between the individual member countries, transfers of funds corresponding to intra-union surpluses and deficits could take place in just the same way as they do between different regions in one and the same country. In short, over the 1970s emphasis was on public finance, as a major underpinning for the formation and holding together of a monetary union, and the role of public finance in European integration was analyzed in the light of the part played by inter-regional flows of public finance in the normal functioning of any modern integrated economy[4].

In the Delors report (1987), and eventually in the Maastricht treaty, all stress was put instead on the creation of an independent central bank dedicated to price stability and on restraints on national policies. No collective policy formation was envisaged to compensate for the progressive draining away of national sovereignties in the economic sphere. Removal of capital controls at the beginning of the process, not at its end, was recommended, together with the complete centralization of monetary functions. Rules were established that would impose upper limits on budget deficits of individual member countries and exclude access to direct central bank credit and other forms of monetary financing. Not only did an institutionalized budgetary union cease to be seen as a prerequisite for the full liberalization of capital movements and the creation of a joint monetary authority, but an increasingly shared view started to insist on the merits of monetary unification as a vehicle and decisive step towards political integration.

This very insistence on the notion that *political* gains were the true prize worth struggling for through the carrying out of the project – that the rationale for monetary unification was political rather than economic – lends support to the interpretation of EMU as a deliberate continental project to undermine wage earners' bargaining powers. In fact, the message that an increasing official stress on monetary unification as a catalyst for political integration kept sending to the populations concerned was that no significant positive impact on Europe's overall employment and growth was to be expected from monetary unification; rather, that political unification and permanent peace in Europe were to be looked at as the true eventual compensations, capable of making worthwhile the acceptance of any hardship that the project implementation might have caused.

ON FACTS AND THEORY

The above interpretation of EMU may be further corroborated by the fact that its theoretical underpinnings can hardly be counted among its ultimate sources of inspiration. Rather, the institutional changes linked to the new concept of the project and its implementation, with the progressive surrender of national sovereignty in the economic sphere, were simply given some useful theoretical and ideological support by economic principles and ideas originally developed in American academic circles, but whose impact on actual policy making in the US context has always remained pretty close to zero. Think of vertical Phillips-relationship arguments, according to which, provided that there are no real effects of monetary policy and monetary arrangements, the only reason for countries not wanting to sacrifice monetary autonomy would be just a difference in preferred inflation rates, which is of course incompatible with fixed exchange rates, or a single currency, in the medium to longer term. Think also of the notion of full capital mobility as a fundamental source of discipline for government spending, as well as of the notions of credibility and commitment to policy rules, born out of the rational expectations 'revolution' – especially the notion that, in order to avoid the 'inefficiency' that would arise when policy is formulated in a discretionary manner, the best solution is to delegate it to bodies insulated from national governments. One could hardly deny that the European project as actually realized was given especially strong support by the idea that overall policy

[4] *Cf*. on this Pivetti (1998), cf. also Barba and De Vivo (2013), on the comparison between the European Target system and the ISA system, the US counterpart of the Target system.

making – that is, both monetary and budgetary policy – in the hands of independent technocrats, rather than politicians, had to be seen as the most appropriate route to economic stability and long-term welfare. But the very success of this idea in the European context should be seen as an effect, rather than a cause, of the change suffered over the 1980s by the EMU project.

The experience of Europe with EMU suggests a picture of the relationship between facts and theory that may be described by the following sequence: 1) practical circumstances determine the basic stance of economic policy as well as its changes over time – such as the shift away from the objective of full employment to that of eliminating inflation that took place at the end of the 1970s; 2) this basic policy stance obtains support from a theory, or a theoretical restoration, which tends *as a result* to become the new orthodoxy; 3) the new orthodoxy strongly supports certain specific policy prescriptions (for example, that for the good performance of the economy central banks should become independent from governments); 4) those prescriptions tend to be actually followed. The presence of a similar causal sequence is in my view confirmed by the study of the inter-relationship between facts and theory that underlied previous major shifts, both in practice and theory, such as that experienced by advanced capitalism over the first three decades following WWII. The 'Keynesian revolution' became then the new orthodoxy thanks chiefly to the effective danger that a return to pre-war unemployment would have posed for social stability, in a situation in which the Soviet Union had won the war and the alternative social system was displaying great capabilities (see on this Pivetti, 2011).

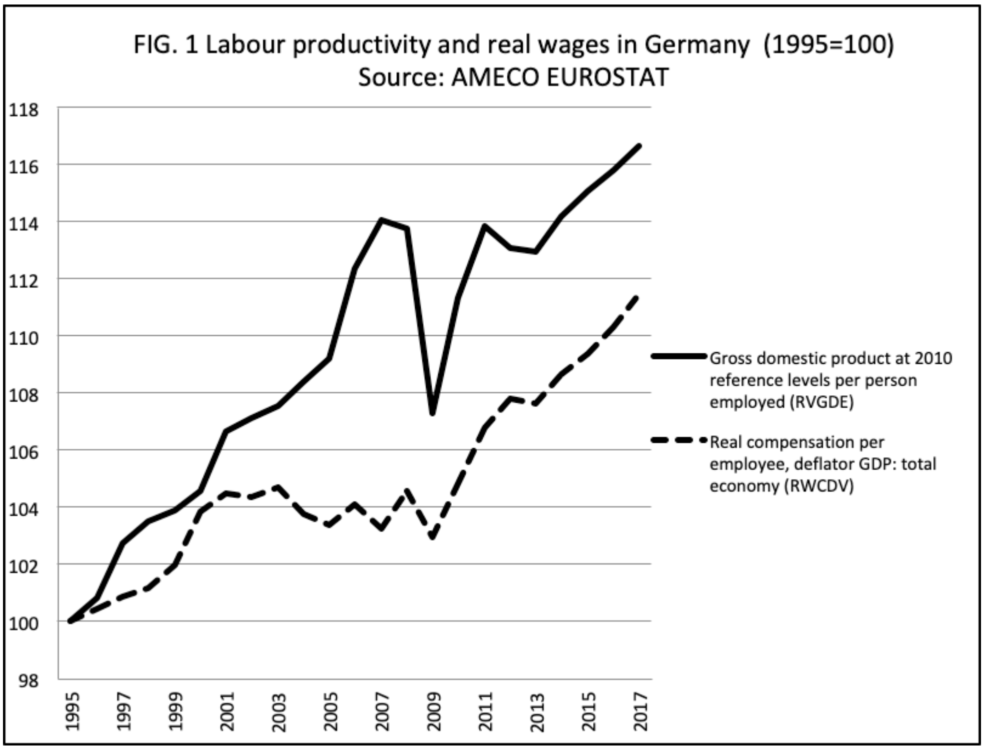
THE RESPONSE TO THE CRISIS

The response of the euro system to the 2008 crisis constitutes perhaps the strongest evidence that the project had never just rested upon some new theoretical orthodoxy, whose flawed nature was all that was ultimately required to be acknowledged in order to have its course significantly altered, or the whole project altogether got rid of. In Europe, contrary to what would have been reasonable to expect, the outbreak of the crisis did not bring about any policy shift. A fall back on state intervention did occur, but just in the form of massive bank bailouts. Apart from these, the response to the crisis consisted simply in a tougher reaffirmation of a policy course which had proved itself to be completely alien to social welfare and growth: the post-crisis austerity imposed by the system was but a dramatic recrudescence of its previous deflationary stance. In this respect, one should remember that, in terms of average growth rates, the decade from the establishment of the ECB to the outbreak of the crisis in Europe – thus excluding the economic and social disaster inflicted by austerity in the following decade – was for the euro zone member countries by far that of their worst performance of the entire post-war period up to 2008.

In 2008 one would have expected some expansionary coordination of economic policies, quite simply achievable through the stabilization of the public debts to GDP ratios of the euro zone countries – a stabilization perfectly compatible with primary *deficits*, provided that long-term interest rates were kept below the rates of growth of GDPs. In the face of the crisis, an overall expansionary policy stance would have just required the pursuing of a cheap and uniform monetary policy for all the member states, accompanied by a primary deficit budget policy on the part of each one of them, aimed at sustaining its growth rate. Given the high degree of integration existing among the economies of the euro zone, such a combination of interest rate and budget policies, on the part of the ECB and the national governments, would have afforded to each member state a positive impact on its activity levels *also* through the budgetary policy stance pursued by the others. A virtuous circle of expansion could thus have been set in motion, instead of the contractionary vicious one triggered by simultaneous recourse to austerity, insistently sold by the system's authorities as the safest strategy for an eventual return to 'normal' growth.

ON THE STRENUOUS SAFEGUARD OF THE SYSTEM AND THE ROLE OF GERMANY

Within each member state the primary objective of its Establishment has kept being the preservation at all costs of the euro system, with the changes in domestic power and distributive conditions it has brought about throughout the Continent, from its smallest and weakest country to its largest and strongest one. Indeed, not only in Greece did the majority of the population suffer a marked fall in its living standards – as was only to be expected with the cancellation of the presence of the state in the economy, the collapse of output, the tripling of the unemployment rate and the pervasive cancellation of labour rights[5]. Also in 'successful' Germany, distribution changed significantly over the last 20 years in favour of non-wage earners (see Figure 1, based however on data which unfortunately include also supervisory employees), and the richest 10 percent of households, according to the Hans Böckler foundation, now possess nearly 60 percent of the entire net household wealth[6].



The role played elsewhere in the euro zone by unemployment in the decline in wage-earners' bargaining power, has been played in Germany by the explosion of atypical labour contracts[7]. As a result of extensive reforms of the labour market, the wages of around 40 per cent of all employed workers have ceased to be acted upon by whatever rise collective wage bargaining may bring about; in fact, already before the outbreak of the crisis in Europe, the incidence on total employment of low wages, those lower than 2/3 of the median national wage, had become in Germany higher (25%) than in England and about as high as in the US and currently nearly one-third of all wage-earners have insecure or short-term jobs. In sum, a low-wage sector has surged in Germany over the last two decades employing millions of workers who can scarcely afford basic necessities.

[5] In Greece, the impact on wages of the decline in output and workers' bargaining powers was by no means mitigated by the public tax and transfer system. Increases in the indirect tax burden and severe cuts in social spending, especially in the fields of public health and pensions, have on the contrary seriously contributed to worsen the overall living conditions of the Greek population.
[6] On income and wealth distribution in Germany, *cf*. also Fratzcher (2016: 9-11 and 38-65).
[7] See on this the contributions in Bosch and Weinkopf, eds. (2008), see also Salverda and Mayhew (2009), Bosch *et al*. (2010), and Knuth (2013).

Recourse to some sort of economic terrorism has become, on the Continent, the chief device for discouraging any temptation that may arise here and there to leave the euro or to emancipate from the union (think of the reactions to Brexit throughout the Continent, on the part of both the political authorities and the media[8]). The fact is that any defense of the system, on whatever ground, has been rendered wholly impracticable by the depth of the socio-economic disaster of Greece. But also Germany's economic performance can hardly be insisted upon as a promising example, susceptible of being eventually replicated by anyone member country willing to stick to the system's rules. Germany has successfully operated, through the reforms of its labour market and "fiscal discipline" à la Schäuble, to bring about an 'internal' devaluation and an export-led growth – that is, a growth path obviously non reproducible within the euro zone as a whole, since one member's net exports are to a significant extent the others' net imports[9]. In addition to historical and cultural factors, the very fact that Germany keeps on growing through net exports, instead of through a sustained expansion of its 80-million people domestic market, is bound to produce in due course a widespread acknowledgement of the leading role played by that country as something altogether absurd. It is however a role that the authorities of the other euro zone countries are all too eager to *let* Germany play; it is the result, in other words, of a generally shared big game aimed at facilitating the preservation of the euro system. In this game, Germany's growth performance may keep being pointed to as evidence of the merits in unprejudiced reforms of the labour markets, as well as of each member country convenience not to discontinue its overall neoliberal restoration. At the same time, if the socio-economic conditions in this or that part of the zone become especially tough and problematic, national governments may easily impute them to the somewhat 'excessive' sternness and rigidity of the leading nation.

CONFLICT AMONG NATIONS OR CLASS CONFLICT WITHIN EACH NATION?

The game just outlined suggests that it is misleading to believe that what we are currently facing in Europe is some contrast or conflict among the different nations making up the euro system. There is fundamentally no such conflict. Also such tensions as there are within the euro zone on the question of immigration should not be overrated. Free immigration has never ceased to be seen with favour by both entrepreneurs and policy makers throughout the Continent (as was rendered especially manifest in 2015 and early 2016 by the choice of the German government to let in 1.2 million Syrian migrants and in 2017 by the proposal of its finance minister to encourage migration into Germany of young unemployed people of the Southern European countries especially hit by austerity). No serious effort has yet been made by the system, through some generally agreed-upon measure, to check the entry of cheap labour from outside of the euro zone. Current tensions and disagreements among its member countries chiefly reflect the need of each European government to do something to contain the exasperation of the majority of its population in the face of rising immigration, and thus cope with the political rise of its domestic 'populists'.

Since the very inception of the euro system, the true conflict has never ceased to be the class conflict within each one of its member countries, with the consolidation of an overall defeat of wage earners in that conflict being what has been constantly at stake in the strenuous efforts continuously made to preserve the system. The point is that the undermining of wage earners' bargaining power throughout the Continent, together with the attack on the material living conditions of the majority of its population, were greatly facilitated by the progressive erosion of national economic sovereignties. An erosion of the possibility of having recourse to all the chief policy tools extremely more radical than the erosion that each European nation would have suffered in any case as a consequence of the overall globalization drive. In fact, for a

[8] In England, before the referendum, the Remain campaign had made heavy recourse to terrorism, which, as observed by A. Spence, had one message: "British voters will never love the European Union. But maybe they can be terrified into voting not to leave it" (quoted in Tooze 2018: 549).
[9] On competitive deflation and German 'monetary mercantilism', cf. Cesaratto and Stirati 2011 and Cesaratto 2017.

hypothetical socially progressive policy course, one thing would be to have to cope with a generic reaction of global markets, another with a reaction ignited and fed by politically irresponsible institutional bodies to which fundamental policy powers and decisions have been formally delegated.

In sum, it is a pervasive removal of the nation state, coupled with the absence of a supranational political power, that the setting up of the euro system has largely achieved. And the preservation and strengthening of this *double absence* is precisely what the strenuous efforts to safeguard the system are currently aiming at.

Unfortunately, the outcome of the European project as to the state of the class conflict on the Continent seems bound to increase the likelihood of its persisting over time. This is simply because, throughout the Continent, the political and bargaining powers of the social class which is especially interested in the dismantling of the machine have been almost completely annihilated. On the other hand, the very successful performance of the machine from the point of view of its basic task – its *excessive* success, one would be tempted to say – might eventually lead to its distruction. Historical experience shows that any context is susceptible to being changed drastically by unexpected circumstances, or by some denied or forgotten truths. To have obtusely lost sight of the fact, on the part of the European elites, that social stability was long ensured in the past thanks precisely to full employment and redistributive policies, might end up generating reactions such as to 'suggest' re-establishing full national sovereignties as the first step of a general run from the worse. It goes without saying that it would be unforgivable, on the part of any socially progressive political movement, to be taken unprepared by such an eventuality.

SOVEREIGNISM AND NATIONALISM

The social state and overall welfare are by their very nature eminently national, being based on redistributional mechanisms that presuppose the presence of some social, cultural and territorial cohesion. Workers may thus be regarded as the section of society with the keenest interest in a full sovereignty of the nation state, the ultimate condition for an effective protection of their living standards.

Sovereignism has nothing to do with nationalism, but for the fact that a self-inflicted weakening of national sovereignty – the diminution of its worth on the part of politicians, the media, artists and the 'educated people' in general – tends to feed some form of defensive nationalism among the populations concerned. Think of the strengthening in Europe, over the last few years, of the so-called populist parties, whose nationalism, however, is but very slightly connected to ethnic and racial aspirations of a 'fascistoid' character. It has rather to do with the fact that the setting up of a supranational technocratic and authoritarian system could hardly have failed to feed, as a reaction, widespread aspirations to the restoration of the nation such as it had gradually formed itself around a state, a territory and a language, and which had eventually brought about sufficient social cohesion as to make it possible to set working significant redistributive mechanisms.

But the crucial question is that class conflict can only effectively take place in the national context. It is only within the nation that the relative strength of the combatants can lead to social changes, and the state is the tool by which that relative strength can bring them about[10]. Social progress may come into being to the extent that the working class succeeds in turning the economic power of the state to its advantage. Without sovereignty of the nation state in the economic sphere such a possibility is basically removed, i. e. what matters to social progress cannot be done. In the same way as all democracies are nations but not all nations are democracies, one can think of sovereignty as simply a necessary condition

[10] In much the same vein, Cesaratto has pointedly referred to "the agenda of the conservative European elites aimed at dismantling nation states as the natural contending terrain of social conflict" (2017: 984).

for social progress, in the sense that without sovereignty of the nation state in the economic sphere, the things that chiefly matter to the welfare of the majority of the population are simply not achievable.

SOVEREIGNTY AS A NECESSARY BUT NOT SUFFICIENT CONDITION OF SOCIAL PROGRESS

Sovereignty is, of course, not by itself conducive to social progress; it is an indispensable tool, not a sufficient condition. One can well conceive of nations which enjoy full sovereignty in the economic sphere, or try to conquer as much of it as possible, but whose domestic strength relations are such as to generate national governments to whom the defense of the interests of wage earners and of the majority of the population constitutes the last of their worries. In Europe, for example, even in a hypothetical context of formal persistence of national sovereignties – that is, if no European project à la Delors had ever seen the light – the general deference of the Left to dominant economic principles and ideas would in any case have opened the door to neoliberal policy shifts (think of the experience of Britain's New Labour).

To acknowledge that no true social progress is conceivable without national sovereignty in the economic sphere amounts to have taken just a first step. The next and decisive step is to persuade oneself that sovereignty as a route to social progress involves public control of the economic transactions with the rest of the world: capital and import controls, as well as restrictions on immigration. It essentially requires, in other words, an advanced emancipation from the tutelage of global market forces.

Without capital controls, both monetary and fiscal sovereignty are hardly conceivable. Suppose that in France, Italy or Spain an eventual emancipation from the euro system led to re-establish monetary policy as a component part of general economic policy, subject to the latter's overall expansionary stance, with the political independence of the central bank having got rid of and money creation and the monetary financing of public deficits having been fully re-included among the chief sovereign powers of the state. Even in such conditions, without capital controls, balance of payments constraints would not permit national authorities to govern domestic interest rates in accordance with the government policy stance[11]. Nor would they permit the return to markedly progressive taxation, a crucial component of any redistributive and expansionary policy course. Moreover, capital controls would be required to hinder delocalizations, thereby checking and inverting the process of deindustrialization, together with the degradation of the wage structure that it has brought about.

Besides capital controls, also quantitative restrictions of imports would be called for to check deindustrialization. More generally, without import control and import substitution industrial policies, balance of payments constraints would sooner or later compel the abandonment of the objective of high employment and a more equitable distribution of income. Actual experience leaves no doubt about this. Balance of payments constraints and the eventual decision not to cope with them through strict controls on the transactions with the rest of the world and import substitution policies were the root causes of the two most significant episodes of renunciation of progressive policy programs in the post-war history of Europe: that of the British Labour government in the second half of the 1970s, which eventually led to its defeat and the beginning in 1979 of the Thatcher era, and that of the U policy shift operated in 1982-1983 by the

[11] As a matter of fact, also the question of the status of the central bank, i. e. of who should decide monetary policy, whether those who are accountable for general economic policy or a politically independent body, really arises only in the presence of capital controls. It is in fact substantially devoid of sense to pose and discuss the question of central bank independence with reference to any situation in which monetary autonomy and the ability to determine interest rates have been given up through full liberalization of capital movements. And once it were acknowledged that the main reason for keeping capital movements under control is that of not wanting to sacrifice national independence in matters of money and interest, in that they are believed to exert a significant impact on the behavior of the real economy, then also the question of the political status of the central bank should be easily disposed of: if interest-rate decisions are a crucial aspect of general economic policy, endowing the central bank with a politically independent power of decision on interest rates will be an ill course of policy action, no less than any deliberate step towards losing national control on the level of the domestic rate of interest (cf. Pivetti 1996, see also the old and excellent Radcliffe report (1959: 273-4)), for a very clear-cut statement against central bank independence, most representative of the overall cultural climate in economics that prevailed during the first 30 years following WWII).

French government of the united Left, under the presidency of Mitterand, which marked the beginning of the end of the entire continental Left[12]. In the current conditions, restrictions of imports of luxuries as well as of a wide range of manufactured goods from overly-cheap labour countries would have to become the core of import policy, together with bilateral trade agreements with large non-European countries – the US, Russia and Brazil - aimed at ensuring the provision of a few basic commodities.

Finally, without restrictions on immigration, neither the wage earners' bargaining power nor the general living conditions of the majority of the population could be duly protected. The change itself in political strength relations, in the direction necessary to bring about a progressive policy shift, is unthinkable today in Europe without restrictions on immigration. This is simply because the consensus and involvement on the part of the working classes would completely evaporate in the face of substantially liberal attitudes and policies towards immigration.

CONCLUDING REMARKS

The rationale for emancipating from the euro system, for any one of its member countries, would obviously be that to bring back employment and distributive conditions similar to those which prevailed in a large part of Europe over the post-war decades, before the neoliberal restoration. Re-establishing overall national sovereignty in the economic sphere, starting from monetary and fiscal sovereignties, is what would be primarily needed to make this possible.

The fundamental constraint with respect to the policy goal just indicated would be the balance of payments constraint. Recourse to a regained freedom to devalue one's currency cannot possibly be looked at as the solution to the problem of the balance of payments constraint. This, precisely in the light of the rationale for emancipating from the euro. In a context in which wage earners' bargaining power has been brought close to nil, the inflationary impact of devaluation would undoubtedly further depress real wages and increase income inequalities. It would also seriously affect small and medium savers, a substantial section of the population, thereby further depressing domestic demand. It is indeed my contention that defense of the domestic and external value of the currency should constitute an essential component part of the policy stance of any one country that emancipated from the euro with a view to promoting overall welfare and growth, based on the stable expansion of its domestic market.

In the context of an expansionary and redistributive policy stance, the only alternative to devaluation to cope with the balance of payments constraint is strict governments controls of all transactions with the rest of the world. Capital control, in particular, together with what it would entail in terms of some form of direct public control of the domestic credit system (see Pivetti, 2017), should be regarded as the mother of all the changes that would make it worthwhile to emancipate from the euro, whether by a single member country or by an eventual agreed-upon dismantling of the whole machine.

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[12] See on this Barba and Pivetti (2016, chapter 3). On the disaster inflicted by the European project à la Delors on the majority of the population of the Continent, the French historian Pierre Rosanvallon, a protagonist in the widespread conversion of the French intelligentsia to the neoliberal *modernité*, has absolutely nothing to say in his recent ponderous book (2018) on the intellectual and political history of France from 1968 to the present day. In compensation, the book's apologetic pages on its author's involvement in the *Fondation Saint-Simon* and on Foucault's infatuation with liberalism are well worth reading (see pp. 231-43 and 380-8).

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