Imperialism and Colonialism in European Union Economic and Monetary Policies

by Karen Devine

Imperialism, Colonialism and Empire

Imperialism is an ideology that motivates and legitimates the expansionary domination by one society over another, whether through military conquest or economic or fiscal dependency. It is a relationship of influence rather than possession, by a variety of means, such as economic penetration or manipulation, clientship, political alliances, and intimidating performances of military muscle.

Old style colonialism involved the occupation of territory by foreign settlers, soldiers or administrators; i.e. material possession of people and property, and the cultivation of the land in the interests of settlers. Some argue imperialism differs from colonialism largely as a matter of scale: it is "the concept that comprises all forces and activities contributing to the construction and maintenance of transcolonial empires". (In Dietler, 2010: 16) Nowadays, colonization takes the form of the imposition of political sovereignty over foreign territory and people.

Since its inception, the European Economic Community (EEC) has appropriated the natural resources of selected member-states for its benefit, through asymmetrical relations of power, e.g. the Common Fisheries Policy. In its new form of "European Union" (EU), the EU has imposed political and fiscal sovereignty over its member-states' territories, resources and peoples, through a multi-strand approach using the legal means of Treaties and the political means of coercion, threats and bullying. In this article, I argue that the true character and nature of the European Union is one of a Neo-Imperialist Colonizer, using the cases of Ireland, Greece and Cyprus.

Ireland

Resistance to imperialism, colonization, and empires is a core value of Irish political leaders across centuries, including Theobald Wolfe Tone, Daniel O'Connell, Padraic Pearse and James Connolly. For example Daniel O'Connell promoted the values of anti-imperialism, anti-militarism, anti-racism, independence, and equality in interdependence, respectively. A survivor of the 1916 rebellion, the War of Independence and the Civil War, Irish leader Eamon de Valera shared the same anti-imperialist orientation as his predecessors, and valued Ireland's hard-won political independence. These values underpinned the choice of neutrality as Ireland's foreign policy, which he advocated in 1939 in a debate on preparations for an impending World War - "What have we been fighting for? What have we been struggling for, but to get our sovereignty recognised over our territory?" (Dáil Éireann Vol. 73 Cols. 712-713)

De Valera was against Ireland joining the nascent European Economic Community and its pre-emptory European Defence Community, arguing, "we would not be wise as a nation in entering into a full-blooded political federation" that would involve a military alliance because of the significant likelihood that small states' positions would be ignored. (Dáil Éireann Vol. 152: Cols. 549-551; Wylie 2006: 45) De Valera was open to international or regional cooperation to solve collective problems, but he was equally determined to set appropriate limits to the spheres of cooperation to ensure national ethical and social goals are achieved, saying "For certain items of the task international action is necessary, but the change of purpose – the deliberate shaping of economic activity to an ethical and social end is work which each can best advance in his own State. The conditions change from country to country. The problem in the highly industrialised States is very different from that in the States industrially underdeveloped" (23 September, 1932).

The surrender of economic and fiscal independence in the EU's EMU

De Valera's point is well-made in relation to the workings of the European Union's Economic and Monetary Union (EMU), as Ireland and other peripheral small states' economic and social situations are ignored by the Franco-German EU decision-making elite. More peripheral EU member-state economies have different industrial structures, different levels of unionisation in their labour markets, poor labour mobility, and different levels of productivity and competitiveness compared with the 'core'. These member-states, including Ireland, suffer under the EU's 'one size fits all' interest rate policy; the absence of a national exchange rate shock absorber; and more recently, control over national fiscal policy.

Eamon de Valera addressing the crowds after he became president

The responses of the EU to member-states breaking EMU's debt and deficit rules have been singularly regressive with respect to smaller member-states, whilst the larger member-states are left untouched and furthermore use their power to decimate smaller states' economies and budgets. The Treaty on Stability, Coordination and Governance in Economic and Monetary Union (TSCG) ("The Fiscal Compact") signed by all EU countries except the Czech Republic and the UK in March 2012 is not about coordination and surveillance of EMU rules and national budgets, rather, the Treaty's 'excessive deficit procedure' amounts to coercion (automatic fines as sanctions in the "automatic correction mechanism" under Article 3(1)e) and control (article 5 "budgetary and economic partnership programme") over national budgets and structural economic reform of the state.

Although smaller states have the same trading rights as other larger EU member-states and EEA member states within the European Single Market, the balance of European Single Currency benefits go to German exporters. The German State bank KfW estimates the German economy would have grown by €50 - €60 billion less in 2009 and 2010 without the euro. Germany's aims of protecting the Euro and keeping the downward pressure on its value through continued membership of the EU's weaker states are riven with tension, and do not justify the EU's neo-imperialist interventions during the Eurozone crisis described in the following sections on Ireland, Greece and Cyprus.

Ireland

In contrast to the current generation of Irish politicians, Ireland's postcolonial revolutionary leaders would have effectively rejected and resisted the deleterious actions of the EU elite (1) to force the Irish government to 'guarantee' the bank debts on 30 September 2008 based on ECB head Jean Claude Trichet's 'no bank can fail' policy (Commission, 2011: 78; Oireachtas, 2015: 782; RTE, 2015), and after a series of meetings in Brussels, the ECB and European Commission then pressured the Irish government (2) to accept an €85 billion loan (which it called a 'bailout') on 28 November 2010 in order to 'save the Euro' (Oireachtas, 2015: 789-790) and (3) at the behest of US Treasury Secretary Timothy Geithner who led other G7 Finance Ministers in a teleconference the week of 30 November 2010, to prevent the government from burning unsecured bondholders (Beesley, 2011).

The imposed EU 'bailout-out' meant Ireland's debt-GDP ratio moved from 42 per cent in 2008 to 120 per cent of GDP in 2012, breaking the EU's own rules on debt-GDP ratios. EU-driven austerity measures involved (a) laying off people working in the public service, (b) pay cuts and freezes for those still employed, with (c) new income taxes and levies on salaries, (d) billions of Euros worth of cuts in public expenditure for health services, education, welfare and infrastructure, and (e) the privatisation and sale of state assets, such as water, forestry, land and energy.

Irish society was devastated: many people unable to receive healthcare died while on years-long waiting lists for treatment. Young people graduating college and those with young families emigrated to find employment in Canada and Australia at a rate of one thousand people a week. Almost 475,000 people left the country between 2008 and 2014, keeping unemployment to a peak of 15 per cent. 17.5 per cent of Irish-born people over the age of fifteen now live abroad—the highest proportion in the OECD.

The Irish Central Statistics Office suggests that the cumulative outcome of Irish fiscal adjustment, particularly the 2012 budget, has been regressive. According to the Survey on Income and Living Conditions, the bottom decile has seen net disposable income reduced by 25 per cent, whilst top decile

Greeks protesting outside their parliament in Athens

income increased by five per cent. Consistent deprivation levels have increased. So too has the percentage of those at risk of poverty, which has risen to 15.8 per cent - or 700,000 people, 220,000 of whom are children. Notably, the suicide rate rose to the highest levels in the history of the state; Ireland went on to hold the highest rates of youth male and youth female suicide in the developed world.

Greece

As mentioned above, Greece was also subjected to several tranches of so-called 'bailout outs' by the so-called 'Troika' (ECB, European Commission and IMF) because the then ECB President, Jean-Claude Trichet, led opposition to triggering Greek swaps. Multiple analysts say roughly 90 percent of the nation's bailout cash has been eaten up by financial institutions, e.g. €81.3 billion spent on maturing debt obligations and €48.2 billion spent on recapitalizing Greek banks. Jubilee economist Tim Jones calculated that Greece has spent more than €230 billion on expenditures like debt service and propping up Greek banks.

Greek society also buckled under EU-imposed 'austerity' measures similar to those mandated in Ireland, cutting employment and wages in the public sector and cutting budgets for health services, education, welfare, including the sell-off of state assets. Unemployment rates reached 24 per cent in Greece with over half of under-25s out of work. Reflecting similar trends in Ireland, severe cuts in the hospital sector and overall cuts in the health budget restricted access to care in Greece (the Troika demanded health expenditure to be lower than 6% of GDP) and the interaction of fiscal austerity with economic shocks and weak social protection escalated health and social crises (Karanikolos *et al.* 2013). In 2011 the Greek Health Minister announced a rise in the national suicide rate of 40% over the first semester of that year. Unsurprisingly, the public in Greece did not react well to the EU's response either: anger over the cuts led to mass demonstrations, as between 250,000 to 500,000 people gathered on a daily basis to protest in front of the Greek parliament in June 2011.

Cyprus

The Greek sovereign debt restructuring saddled banks in Cyprus with losses. President Nicos Anastasiades was elected in February 2013 based on the promises to the Cypriot people to go after the errant banks and to leave people's savings untouched. He broke both promises (Bailed-Out Cyprus Banks Feel Good Now, Depositors Don't, The National Herald 3 July 2016) in agreeing to an EU so-called 'bail-in' that allowed banks to confiscate 47.5 percent of bank accounts over €100,000 in 2013. Hundreds of thousands of ordinary Cypriots lost their life savings, mainly the middle classes and small businesses, in return for shares in insolvent banks. Following from this EU action, including austerity measures of tax hikes and pay cuts, unemployment rose to an historical high of 20%, companies couldn't meet payroll demands, people's retirement plans were ruined, and tourism was hit hard as restaurants and hotels lost their capital.

ECB researchers Henri Maurer and Patrick Grussenmeyer estimated that from 2008 to 2013, Ireland spent 37.3% of GDP, followed by Greece at 24.8%, supporting their financial sectors. Most of the money was spent on bank recapitalisations and toxic assets with no return. (2015: 19, 28)

EU NeoImperialist Colonialism: Protecting Credit Default Swaps (CDS), not citizens.

The EU propaganda machine has ensured that it is not widely known that their actions were undertaken to ensure that selected US financial institutions didn't have to pay out on gambling debts known as Credit Default Swaps or "CDS". A naked CDS contract is typically a bet taken by investment firms like hedge funds that the bond's issuer will end up in trouble. These swaps are not traded publicly on an exchange, like a stock, rather they are unregulated private deals between any two people with more than $5 million i.e. by an investment bank, hedge fund, or commercial bank traders. There are $5 trillion worth of bonds issued in the world, but the total amount wagered on those bonds is $60 trillion. Such financial instruments have come under fire for building up systemic risk in the wider economy and giving speculators a way of profiting from downgrades of sovereign debt in the EU.

Professor of Economics Dr. Michael Hudson explains how CDS was the central issue in the decisions made in relation to Ireland and Greece by the so-called "Troika" comprised of the European Union's Commission, the ECB and the IMF: "Europe was coming to an agreement, and the IMF also, with Ireland to write down the debts until Tim Geithner called from the Treasury and said,

> *wait a minute, you can't write down the debts, because American banks have written credit default insurance, and American banks will take a bath because we've bet that Ireland will pay; so don't bail it out.*

So Europe and Ireland both surrendered". The same happened with Greece. *(Escaping the Dollar, July 19, 2014)*

Despite the fact that none of the Commissions of Inquiry or official published reports on the causes of the Eurozone Banking-Turned-Sovereign Debt crisis have included CDS as a factor, many bailout states' populations know of the EU's role in protecting banks and financial institutions at the expense of ordinary citizens, which would have a major impact on people's willingness to identify with the EU and trust EU institutions.

Effects of EU Neo-Imperialist Colonization on ordinary people's identities

Geraldine Moane (2011: 86) outlines the disruptive effects of colonialism on people's identity in a system of domination that hampers experiencing anger directly, and obscures the real reasons for anger and real targets of anger. Eurobarometer survey data collected in 2015 reflect such changes in Greek and Cypriot peoples' identity in the wake of the EU's imperialist colonisation of their states through economic penetration and manipulation, clientship, and political alliances. The disparity between 'bailout/in states' and the others is clear: in Greece, 67% of people are not attached to the EU, and in Cyprus 77% are not attached to the EU, reflecting the lowest levels of attachment of all EU member-states' populations. Additionally, EU data shows that more than 4 in 5 Greek people do not trust the EU institutions, and just 4% do trust the institutions.

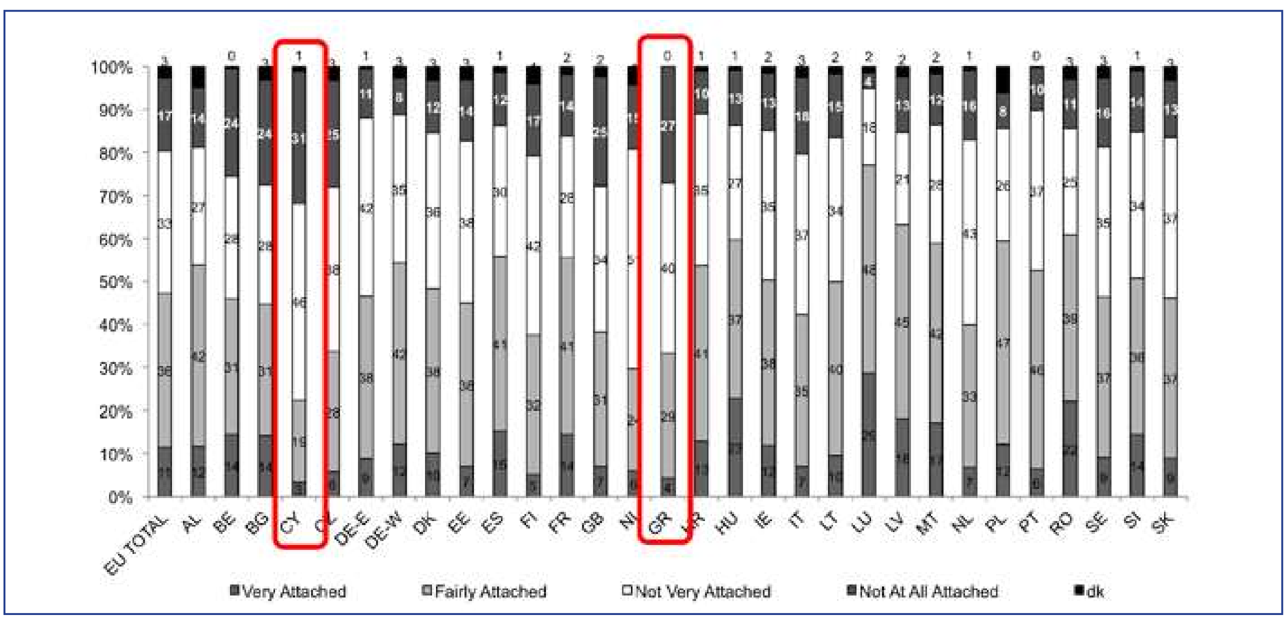

Figure 1: Attachment to the European Union, Eurobarometer 84.3 (2015)

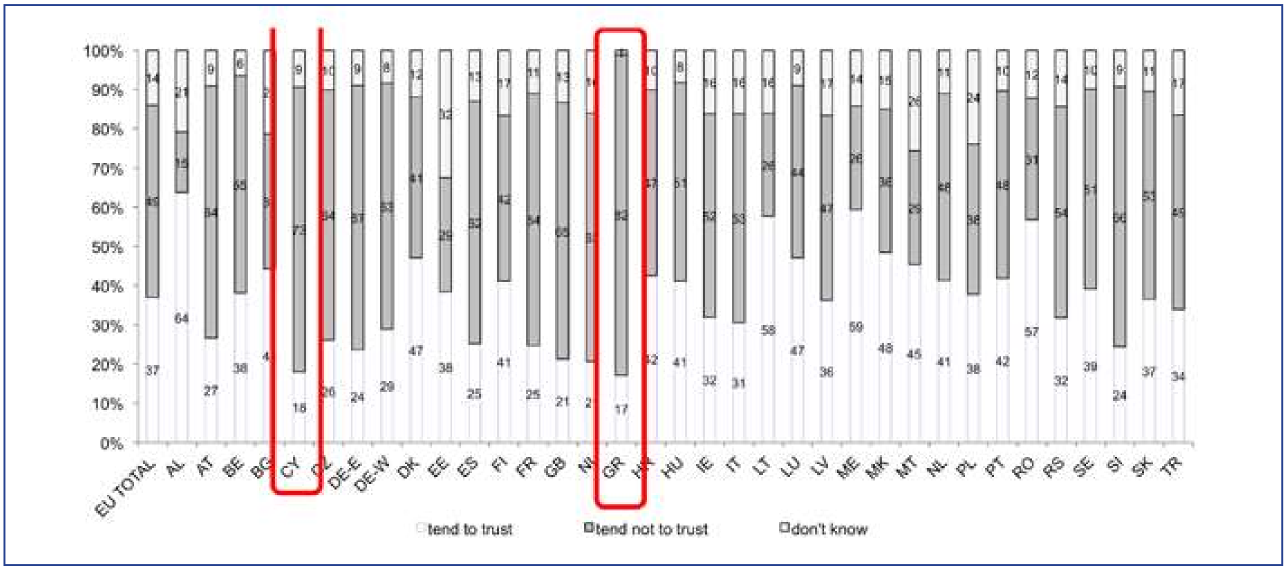

Figure 2 Trust in Institutions: The European Union, Eurobarometer 84.3 (2015)

In Cyprus, 72% do not trust EU institutions and less than 1 in 10 people do. Exemplified through the case of the United Kingdom, low levels of identification by people with the European Union is linked to a desire to leave the organisation. Ireland is an exception for a large number of reasons, including the effectiveness and strength of the EU propaganda regime, and the stranglehold of EU colonialist sympathisers on the reins of domestic power.

Conclusion: Does the EU Empire have a looming Expiration Date?

Edmund Burke's description of the colonial penal law regime imposed on Ireland by the British - "a machine of wise and elaborate contrivance, as well fitted for the oppression, impoverishment and degradation of a people, and the debasement in them of human nature itself, as ever proceeded from the perverted ingenuity of man" - is an apt description of the European Union's regimes of bail-outs, bail-ins, and austerity, in order to avoid triggering financial institutions' CDS debts. Fulfilling the criteria of neoimperialist colonisation, the EU has misappropriated member-states' assets through forced privatisations, indebted many with banks' gambling misadventures worth multiples of the size of their economies, taken ordinary people's savings, and decimated public services, which in turn has destroyed ordinary people's quality of life through rampant youth unemployment, untreated mental and physical health difficulties, increased homelessness, and soaring rates of suicide, including youth suicide.

The former EU Commission Chief Jose Manuel Barroso declared, "Sometimes I like to compare the EU as a creation to the organisation of empire. We have the dimension of empire" (Barroso says EU is an 'empire', EUObserver 10 July 2007) The shift in trust in and attachment to the European Union amongst the Greek and Cypriot people to levels below those seen in the United Kingdom's population that voted to leave the EU in 2016 is perhaps an indication of their willingness to follow a similar path. Potential exits of three or more members would signal the beginning of the end of the EU, making it an imperialist transcolonial empire with one of the shortest life-cycles in modern human history.

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