

# Interview with Nikos Chrysoloras: “Europe needs to find its ambition again!”

 [blogs.lse.ac.uk/eurocrisispress/2013/07/08/interview-with-nikos-chrysoloras-europe-needs-to-find-its-ambition-again/](http://blogs.lse.ac.uk/eurocrisispress/2013/07/08/interview-with-nikos-chrysoloras-europe-needs-to-find-its-ambition-again/)

Eurocrisis in the  
Press

7/8/2013

Euro Crisis in the Press is proud to introduce a new series of interviews with influential analysts and commentators as well as global public intellectuals on different dimensions of the public discourse surrounding the current European Crisis.

In today's interview, award-winning Brussels-based EU correspondent of the Greek daily 'Kathimerini', [Nikos Chrysoloras](#), responds to the questions of our Managing Editors, [Vassilis Paipais](#) and [Roberto Orsi](#). Dr. Chrysoloras thinks that the European credit-based economy has reached its limits and that a major restructuring of Europe's growth model is urgently needed. He notes that populism has plagued European leaders and media coverage alike, and argues that while in 2007 European media failed to appreciate the signs aplenty of an impending crisis they have subsequently done a good job analysing its various aspects in depth.



\*\*\*

*Dr. Chrysoloras, there is little doubt that Europe is undergoing an unprecedented crisis. The crisis itself can be seen as having multiple dimensions: a financial crisis of the Eurozone and the Euro as a common currency, an institutional EU-wide crisis, a crisis of the European post-war social and economic model or even a European identity crisis. From your point of view, what is the most important aspect of the crisis?*

The crisis has been a dramatic revelation of the limitations of a credit-based growth model. We used cheap money to compensate for losses in productivity, creativity and innovation in the West. In the case of Greece, it was the state that was borrowing to fuel growth; in the rest of Europe and the US, it was the private sector. In this way, we gradually buried ourselves under a mountain of debt. When the bubble burst, there was nowhere to hide.

For Europe, the ugly truth is that there is simply not enough “real” wealth that is being produced in our continent to sustain our enviable standards of living and our unique social model. In other words, the stagnation of Europe's economies over the past two years, at a much lower level compared to the years before the crisis, may not be a just a byproduct of deflationary fiscal policies.

Let's take a look at the factors that have historically contributed to the economic well-being of nations and empires: a robust birthrate, access to natural resources, education, technological progress and military power. The last has usually, but not always, directly relied on the others. Which of these conditions are in place today? Europe's access to natural resources is limited. Whereas the US has fully exploited the shale gas revolution in a bid to strengthen its energy independence – thereby changing the geopolitical equilibrium – Europe is in terms of energy still largely dependent on Russia. In terms of defense, things are even worse as Europe has neither the ability nor the ambition to project its power on a global scale and is fully dependent on Washington. More worryingly, if the current demographic trend continues, then in just a few decades almost a third of Europeans will be over 65.

Furthermore, according to the World Bank's recent Golden Growth report, Europe is a laggard in terms of R&D even compared to states like India. “What has been more perplexing is Europe's generally poor performance in the most technology-intensive sectors – the Internet, biotechnology, computer software, healthcare equipment, and semiconductors,” the report says. The same report emphasises that European productivity is on the wane. Meanwhile, the global ranking of European universities is getting worse compared to those in the US as well as in Asia. OECD studies on schoolchildren's performance in reading, math and the natural sciences show students in

most European countries lagging behind those in Korea, Japan, Canada and elsewhere.

In other words, apologies if I sound pessimistic, but I think that Europe is actually dying...

*Having drawn a rather pessimistic picture of what you see as the roots of the crisis, what are the potential policy responses that you think would be most effective?*

If we don't cure the disease, the roots of which I described above, any recovery fuelled through monetary means or expansionary fiscal policies, will be short-lived and doomed to failure. Nor the solution is to destroy Europe's precious social model. In Belgium, where I live, a salaried worker in the private sector may pay up to 60% of its gross income into taxes and social contributions. Another chunk of his net income also returns to the state through indirect and consumption taxes. This money is used to provide equal opportunities for all citizens through public education and healthcare, and to take care of those in need – the elderly, the unemployed, the poor. Never in the modern history of mankind there has been such consensus for this massive redistribution of wealth. I don't think that it would be an overstatement to say that this unanimous display of solidarity in our society represents a leap forward for human civilization.

So, the challenge is to find ways to protect this achievement. And the only way to protect it is to produce enough wealth. Europe needs a new industrial revolution, fuelled by innovation and high productivity of top-notch quality goods. This will require sweeping reforms in our educational systems and the public sector and a radical redesign of state expenditure, in order to make it incredibly efficient. Europe needs to find its ambition again!

Real recovery will also require the waging of a true war against tax evasion. While salaried workers show remarkable solidarity by implicitly and explicitly agreeing to the "confiscation" of a large part of their income by the state, there are millions of Europeans – independent professionals, banking executives, lawyers, etc. – who do not pay their dues to our societies. We need to crack down on tax havens, and close the loopholes in our tax system. Only if we find every single euro of unaccounted European-held wealth, it will be possible to retain our social model.

*The crisis has dominated the press across Europe, what did you think about the coverage? Was it credible and informed, did it help people understand the crisis, or do you think press coverage succumbed to populism and simplistic analysis?*

There has been much populism in some European media, but this populism was fuelled by mainstream European politicians. Turning away from the facts, Eurozone leaders are appointing second-rate politicians to the senior posts of European institutions in order to cling on to their powers. They are cultivating the impression that dealing with the crisis means having the virtuous North rescuing the South, as if the former has not benefited by the single currency, as if it would escape unscathed from a breakup of the common market. North and South are both conjuring up imaginary enemies, engaging in moralising and doing everything they can to awaken ghosts of the past. Soon it will be too late to change the game...

Now regarding the mainstream press, it is true that we missed the story of the century – the implosion of the West's banking system. Journalists were not vigilant enough before 2007 to spot what was going on in the City of London, Wall Street, and the large financial centres of the West. But it is also true that the rules of the game were so obscure, that very few could actually understand them. These very few were complacent, probably because they also believed the outrageously silly idea that risks were "hedged". That being said, it is also true that mainstream media today do a great job explaining even the most complicated aspects of the crisis. For example, the Financial Times and Bloomberg are commendable for their coverage. I think that Kathimerini, my newspaper, is also doing a good job in covering the Greek crisis.

*Europe shares a currency but is socially, culturally and politically heterogeneous. Do you think national media have been too ethnocentric in their approach to the crisis? How would you assess the coverage of the crisis in Greece?*

Yes, unfortunately national media in Europe only cover the national aspect of a crisis that engulfs the whole Western

world. Hence, readers and viewers often miss the big picture. But the steep drop in advertising revenues, due to the crisis, has stripped news media of their resources. Most national newspapers simply do not have the means to offer a Pan-European or global coverage to their readers, due staff layoffs, cancelling of newswire subscriptions, etc. Unfortunately, only a few global media can offer the big picture now. But, on the other hand, Kathimerini for example offers a much better coverage of the Greek crisis than the Wall Street Journal, the FT, or Reuters. So, for a Greek reader, a global medium can only be complementary to Kathimerini, it cannot substitute it. I guess it's the same in Portugal, Ireland, etc.

*Are there any further important dimensions of the crisis, which you think have been missed or under-analysed?*

No, I don't think so. We have over-analysed everything. Now the ball is in our leaders' court, to act on the conclusions of our academics, researchers, and the media.

*Thanks very much for your contribution.*

---

**Dr. Nikos Chrysoloras** is a Brussels-based EU correspondent at *Kathimerini*, Greece's leading newspaper and a Research Associate at the *Crisis Observatory of the Hellenic Foundation for European and Foreign Policy (ELIAMEP)*. He is the winner of this year's European Press Prize (Commentator Award) and he holds a PhD in Government from the London School of Economics. His portfolio includes several peer-reviewed publications and conference papers as well as briefs, analyses and articles for think tanks, such as the *Heinrich Boll Foundation* in Germany, and advisory firms, such as *Oxford Analytica*, in the UK.