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The euro marriage can be saved

Just like a relationship, the crisis in Europe will only start being resolved if all parties begin accepting their share of the blame

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An unfinished property development in Malaga, Spain. 'The Spanish debt build-up was a private-sector drama, with French and German banks lending to Spanish real-estate speculators.' Photograph: Alamy

Like a marriage in its last throes, the euro appears to be falling apart before our eyes. But does it really have to happen? It's worth remembering that the eurozone as a whole is in trade balance – it's comfortably solvent, so that settling of accounts could resolve the problem without any financing from the IMF or China. But any solution to the eurozone crisis will need to involve rejecting narratives of resentment and betrayal that can lead parties to inflict terrible damage on each other.

At the moment, the architects of the euro project still find it hard to forgive being hostage to Greece, whose economy is no larger than the state of Hesse. But the damage of a Greek exit will be out of all proportion to its size, as other dominoes totter, damaging confidence and trade even if they don't fall. It's the mark of a truly dysfunctional relationship when resentment at being threatened with break-up is the main reason no one will compromise to stop it happening.

Any therapist knows that saving a marriage has to start with abandoning stories of one-sided blame. In an economic union, nowhere is this more important than when creditors and debtors blame each other. Yes, the Greek government has been spectacularly spendthrift. From when it joined the euro at the beginning of 2001 until reality began to sink in at the end of 2009, Greece was the world's fourth largest arms importer, buying 70% more than Israel over that period.

But assigning blame becomes harder when you look at who sold Greece the arms. The US was the largest supplier, but France and Germany together delivered over a third of the total – with eager financing from French and German banks. Greek debt received a ratings downgrade as early as 2004 – can anyone remember a French or German politician urging arms suppliers to be more cautious about selling on credit? The euro didn't turn Greece into a greedy arms buyer – that had been true for many years, if not to the same extent. But having long-standing money problems is no reason to expect a marriage with your bank manager to be happy, and your bank manager has as much reason to know that as anyone.

Nor will it do to blame the public sector, as if the euro crisis were due to a secret conspiracy of the political classes against the rest of us. Spain (whose fragility is what makes a Greek exit so alarming) had healthier public finances than Germany till 2007. The Spanish debt build-up was a private-sector drama, with French and German banks lending money to Spanish real-estate speculators. There's nothing wrong with lending money, provided it's used to enhance the borrower's ability to repay. Yet remarkably, at a time when higher education has been expanding in many countries, Spain had more than 20% fewer students entering higher education in 2008 than it had 10 years previously – presumably the lure of easy money in real estate was too hard to resist.

Instead of asking why "they" let it happen, maybe we should ask why we let it happen. Greece's arms binge was no secret; the data from the Stockholm International Peace Research Institute is on the internet. Spain's higher education decline can be tracked on the OECD website. Inflating real estate prices animated countless dinner conversations: we steered into disaster wide-awake, like drivers failing to see a spectacular crash looming before them.

The official response to the crisis has been to turn it into a morality play, pitting southern profligacy against northern rectitude. This sends the dangerous message that the citizens of the debtor countries need to suffer badly to signal their contrition. Serious reforms in the indebted countries are inescapable, but the lender countries will have to make a massive contribution too. A solution that accepts a degree of shared foolishness will make that much easier. Otherwise, like crash dieters who think dramatic sacrifices will impress their families and friends, we risk valuing the gesture over the reality. Nutritionists know that crash dieting is inimical to healthy eating in the long run. Therapists know it won't save a marriage, either.

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