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'A Strategy for Southern Europe': Lisbon Launch

LSE IDEAS

By [Dr Rui Lopes](#), Associate at LSE IDEAS and researcher at Instituto de História Contemporânea (IHC).



23 de Novembro
18h-19h
Teatro Nacional D. Maria II
Lisboa

Lançamento do relatório 'A Strategy for Southern Europe',
com Arne Westad e Carlos Vargas.

Missão: debater 'Portugal e a Crise na Europa do Sul',
com António Costa Silva, Francisco Seixas da Costa,
José Brandão de Brito e Nicolau Santos.

Moderação: Dr. Nicolau Santos.
www.ihc.unl.pt
Uma iniciativa com o apoio do TMM4.



The [Portuguese launch](#) of the LSE IDEAS Special Report '[A Strategy for Southern Europe](#)' – released by the Southern Europe International Affairs Programme at LSE IDEAS – took place on 23 November 2013, at the Teatro Nacional Dona Maria II, in Lisbon. The event was organised in collaboration with the Instituto de História Contemporânea (IHC), based at the Universidade Nova de Lisboa. After being introduced by high-profile academics, the report served as starting point for a roundtable where renowned Portuguese analysts discussed the specific situation of Portugal regarding the themes addressed in the report.

The first panel presented the Special Report and commented on its context and potential. The session began with a brief introduction by the head of the national theatre, Carlos Vargas, followed by Professor José Maria Brandão de Brito, representing the IHC, who highlighted the overall contribution of the report for public debate

Professor Nuno Severiano Teixeira, speaking both as Vice-Rector of Universidade Nova de Lisboa and as one of the [contributors to the report](#), emphasised that while the present crisis in Southern Europe partially derives from endogenous factors, some responsibility should also be attributed at a European level. Financial austerity, although necessary, is an insufficient response, as clearly demonstrated in the case of Portugal, where salaries and pensions have been cut and taxes increased, resulting not only in economic recession and higher unemployment but also in a rise of public deficit and debt. According to Severiano Teixeira, these points, illustrated in the report, need to be taken into account in the narrative about the crisis and a new discourse – rooted in serious academic research such as this – should promote political and diplomatic alliances within the EU.

Professor Arne Westad, director of LSE IDEAS, stated that all of Europe is now in a fundamental crisis in terms of direction – not just economically and structurally, but in terms of values such as pluralistic decision-making and respect for sovereignty within a cooperative framework. Westad shares with the report the conviction that, despite enormous differences between the countries of Southern Europe, their situation has enough in common that comparisons can be drawn and solutions worked out beyond a national level.

The second panel was a roundtable discussion entitled 'Portugal and the Crisis in Southern Europe', chaired by journalist Nicolau Santos, from the newspaper *Expresso*.

Ambassador Francisco Seixas da Costa, Executive Director of the North-South Centre of the Council of Europe, outlined that in Portugal's historical geostrategic triangle – based on strong relations with America, Africa and Europe – the European corner has been privileged since the decolonisation of the Portuguese empire, which explains the current frustration with the EU's lack of solution for the crisis. Seixas da Costa acknowledged the value of working closely with the rest of Southern Europe – as well as with northern Africa – but expressed scepticism over the report's proposal for a regional alliance, at least in the short-term. The answer, for Seixas da Costa, can still be found above all in the EU institutions, hence the need for a serious debate preceding the European parliamentary elections in April 2014.

Professor José Reis, from the economics department of the Coimbra University, postulated that Southern European countries are undergoing the institutionalisation of a new social and political European model that places them at the negative pole of an increasingly asymmetrical EU. The first stage of Europeanisation, which sought to temper a liberal approach towards the market with investment in a strong welfare state, was interrupted in the mid-1990s, creating serious problems of competitiveness in Greece, Portugal and Spain. This produced a surplus of financial capital in the founding members and a deficit in the countries that had joined the EU more recently, with the former channelling their surplus into the credit boom that became the main basis of Southern European economic growth. Now the new model for Southern Europe has become an austerity-based political economy that targets the region's welfare state and labour costs. Reis criticised this option, pointing out in particular that the alleged need to adjust labour costs is a profound fallacy, as in practice the region's economic evolution has not been limited or pressured by the weight of salaries.

Dr António Costa Silva, of Partex Oil and Gas, focused on the topic of energy, claiming that Southern Europe will not be able to overcome the present crisis without reducing expenses and supporting sectors that can generate wealth. He explained that Portugal is spending considerably less on the import of oil, gas and coal than it did 10 years ago, as a result of both its investment on renewable energies since 2005 and the crisis's effect in declining consumption. Nevertheless, according to Costa Silva, the country is still paying an unsustainable energy bill, particularly in the field of transportation, which accounts for 36% of national energy consumption due to the lack of meaningful public transport policies and the exponential expansion of private car ownership since the early 1990s. Professor João Peixoto, based at the economics and management institute ISEG, began by supporting the report's conclusions regarding migration towards Southern Europe. Focusing on the Portuguese case, Peixoto called attention to the fact that emigration levels have surpassed those of the 1960s – when political and socio-economic conditions drove away 1 million Portuguese – and that for the first time the number of people emigrating is larger than the number of births, thus enhancing the country's already existing demographic crisis to new extremes. He explained that for Portuguese migrants, as for Spaniards and Greeks, the main destinations are EU countries above the Pyrenees – particularly in the case of the more qualified youth. While Southern Europe loses experts needed to jump-start its economy, host countries benefit from migrants that help solve their demographic problems and relative lack of qualified labour, with the added advantage that in northern European societies there is less xenophobic resistance to Southern European migrants than to other population groups. The process therefore reinforces the stark regional asymmetries within the EU, leading Peixoto to conclude that the current trend needs to be offset, namely through investment in Southern Europe.

Professor Brandão de Brito, based at ISEG and IHC, focused on the failure of the austerity programme as applied to Portugal, where despite the government's public refutation preparations are already underway for the possibility of a second bailout. Although the programme was scrupulously undertaken – earning nine positive evaluations by the Troika – public finances and the deficit have not come under control. Unemployment and poverty remain at unsustainable levels as a result of the violent economic contraction imposed by the memorandum negotiated with the Troika behind closed doors. Besides Lisbon's passive acceptance of the memorandum's ultra-liberal approach, Brandão de Brito denounced the document's punitive dimension. Under the notion that Portugal lived above its means, a policy of harsh impoverishment is being followed. Brandão de Brito also expressed concern over the off-hand and obscurely negotiated privatisation of valuable and strategic assets like energy companies, airports and the postal service. The situation is aggravated by the lack of understanding regarding the need to pursue an alternative path – the only options put on the table are either a second bailout or a precautionary programme along the same lines, which would mean turning austerity into the norm and further postponing economic growth. Besides endorsing the Special Report's proposal, Brandão de Brito suggested the creation of a European financial union, as well as an internal rescue mechanism that could replace the IMF and stay closer to the rules and spirit of the European treaties. He stressed that he does not demand the debt be pardoned, but asks for time to recover and to establish a framework of shared economic sovereignty more suited to the dignity and self-esteem of all European countries.

A Strategy for Southern Europe was launched on the Monday 14th October at [The EU in the Eye of the Storm](#).

For more information about this report please contact Zoi Koustoumpardi [here](#).

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