

Funding the Future

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The EU is a shambles today. Across it people will be asking, as I have done, if the organisation of which they find themselves a member was the one that they signed up to.

In Greece the answer will be a resounding no.

In Germany there will be some with self-doubt.

In many of the Eurozone countries, and especially those with deficits, there will be some fear.

Everywhere there must be some, quite rational, concern. After all, what has Europe just done? It has stripped a state of its sovereignty and imposed upon it what might be called economic rather than martial law and demanded its obedience. But that law is made by the conqueror, who for all practical purposes we shall call Germany. And the very strong likelihood is that it will fail.

Austerity has not worked in Greece to date. It has delivered a 25% cut in GDP and 50% youth unemployment, under-capitalised banks and a private sector that has failed to invest. There is no sign whatsoever that it can work in the future just because the Germans are in charge. Indeed, that creates the very real possibility that it won't. Why should the Greeks work the salvation of German banks? Would you?

As for privatisation, the Germans have demanded a $\hat{\text{a}}$, $\text{--}50$ billion fund. The IMF could find $\hat{\text{a}}$, $\text{--}7$ billion of saleable assets, but thought realisations of more than $\hat{\text{a}}$, $\text{--}0.5$ billion a year unlikely. That's another failure on the way then.

And as for reforms? These will only happen as fast as people can accommodate them, and that will be nowhere near as fast as Germany demands.

To put it another way, the reform package will fail, resoundingly. No other outcome is foreseeable.

What happens then? What happens, in particular when the all-German myth that everyone could have an economy like Germany's if only they tried, is shattered, as

most certainly it will be? And what happens when the great myth that austerity is the route to prosperity is no more? What then will be used as the justification for what has been done to Greece?

These questions are important because the chance that these questions will need answering is very high indeed: I would rank them not as certainties, but as not far short. In the timescale in which the Germans will demand both action and results delivery is just not possible.

That will be truly shocking to Germany. The myth of its might will be shattered.

Faith in Merkel will be rocked.

In other EU countries fingers will be pointed: it wasn't us that dictated these terms they will say.

In Greece the anger of revolt will grow, and because the left will be blamed for this mess (rightly or wrongly) the beneficiary will be the right. There is the risk that some of that anger will be violent, and not just within the boundaries of Greece, I suspect.

How will this be contained? Because what will have begun in Greece will rock the Bundestag. And parliaments across the EU. Of that I think we can be sure.

That's when the need for a new vision of Europe will arise. And we do not have long to build it. But build it we must.

I have said [my dream of Europe has come to end](#). It's time to build a new one.

I will be working on it.