

Bad economic news for Europe is good news for Merkel and Cameron

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These figures are proof not of a European recovery, but of the right's ability to exploit grim times in a way that eludes the left.



'Cameron and Osborne have thus been able to throw the blame for Britain's troubles on the eurozone, while Merkel can blame those of Germany on the Greeks.' Photograph: Thanassis Stavrakis/AP

All politicians and observers of politics agree on one thing. A reputation for economic competence matters. In modern politics, economic competence is the sine qua non. Without such a reputation political credibility is lost, and difficult to regain – and election victory is out of reach. With such a reputation, it is possible to pursue other goals and sometimes to receive the benefit of the doubt, retaining trust and votes even when things go wrong.

In Britain David Cameron and George Osborne gained a tremendous boost this week when a Guardian-ICM poll showed their economic competence reputation had soared by 12 points since June. Even if the increase only takes the proportion of the electorate saying that Cameron and Osborne are better economic managers than Ed Miliband and Ed Balls (whose numbers also increased a little in the same poll) to a relatively modest 40%, it still remains a hefty advantage that shapes the political mood.

Admittedly, the polls' broader picture for the Tories is not so clear cut, so there is an element of self-deception in the renewed Tory optimism. Labour is still doing better overall than the Conservatives in voting surveys, and the pro-Labour advantage of the electoral system means the Tories are still eight to 10 points short of the kind of ratings that would translate into a working majority in 2015. But that economic competence rating is priceless all the same. To adapt Mr Micawber, the Tories know they have a good reputation and are therefore happy. Labour know they have a bad reputation and are therefore miserable.

Wednesday's economic figures from the eurozone will have something of the same impact on politics across the European Union as a recent succession of modest improvements in UK economic indicators (the fall in unemployment being the latest) is having for the governing parties here. To be sure, eurozone GDP in the second quarter of 2013 grew by only a relatively footling 0.3%, concealing all sorts of continuing crises and sufferings behind strong performances from Germany and France. But after six quarters without growth, it can be presented as a turn in the tide. And it comes at a perfect moment for Angela Merkel, six weeks away from a crucial German general election.

Yet you do not have to look at the economic indicators for long, and compare them with the mood of the political parties across Europe, to see that something doesn't really add up in all this. Call it, if you like, the narcissism of small economic differences.

No country in Europe is really enjoying a period of economic prosperity worthy of the name. Unemployment in the UK may be down by 4,000 in the second quarter – but it is still more than 2.5 million, which at just under 8% is very nearly the highest that it has been in 20 years.

In the eurozone the unemployment rate is much higher than here, at 11.4% in June 2013, with Greece and Spain both posting jobless rates of more than 26%. Neither in the UK nor in the eurozone is the level of growth sufficient to have a significant impact on jobs. The result is that most Europeans, and most Britons, are continuing to face a squeeze on their real incomes. Falling real wages – down 5.5% in value in the UK since 2010 – mean that Europeans will have relatively less money to pay their bills – not just in 2013, but almost certainly throughout 2014.

All this adds up to a disjunction that needs explaining. On the one hand, the economic performance and prospects of Europe are fragile. As in the UK, recovery is modest, marginal and contingent. There is no evidence yet of a sustained upward trend of recovery, let alone of a return to the levels of annual postwar economic growth to which we and our parents all became accustomed for most of the past half-century. Our region – and in this sense we are just as much a part of it as though we had been in the eurozone from day one – remains in very much the same economic crisis that has gripped us since the financial crash of 2008.

On the other hand, Cameron and Osborne are heading for the beach buoyed by genuinely strong economic competence ratings, while Merkel is serenely on course to be rewarded with a hugely important electoral victory next month. This means two things – and possibly both at the same time.

First, in grim economic conditions and with public opinion persuaded that deficit cuts take priority over protecting the public sector, even a marginal piece of "good news" wins a disproportionate political reward for the centre-right. But second, these figures are flimsy by any standards. In reality, this is neither an economic recovery, nor is it proof of economic competence. Such claims are there to be taken apart by skilful oppositions who know what they want.

Economic competence, as Andrew Gamble wrote in an important recent essay, is not fixed or tangible. There is rightwing competence and leftwing competence, and some other shades in between. Competence is made up of perceptions, including those of the media, as well as economic indicators. These perceptions are not fixed, either. They adapt in all kinds of different circumstances. Competence is more easily displayed in good times than bad. And governments have to navigate these in an international as well as a national context. Cameron and Osborne have thus been able to throw the blame for Britain's troubles on the eurozone, while Merkel can blame those of Germany on the Greeks. This makes voters thankful for small mercies.

But what can a centre-left opposition offer instead? This is the question that Miliband tried to answer by focusing on the "cost of living crisis" – before the egg hit him. It is the same question that Germany's SPD, with its programme of higher taxes, has just six weeks to answer, and the one that also faces all the centre-left parties in Europe in their own way. In the end, the question is the moral one that Gamble poses. What kind of society and what kind of economy does the centre-left value, and what are its policies for achieving them in current circumstances?

These are difficult questions, not the easy ones that some pretend. The answers do not lie in the past. But until there are answers that respond both to the current crisis and to the lessons of past failures – the current evidence suggests that both economic competence and the political rewards which flow from that reputation will remain an elusive dream for the European left.

Fonte: The Guardian, Inglaterra, 14 Aug. 2013, Internacional.