

Uneven Development and the Eurozone Crisis: What Role for a European Industrial Strategy?

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The Eurozone crisis has uncovered a fundamental imbalance in the EU development process which has acted both as a major contributing factor for the onset of the crisis itself and has affected the speed and nature of the recovery in the aftermath of the crisis. The process of European integration in the context of the neo-liberal policies which have been institutionalized at the core of the EU policy regime (free trade, unrestricted capital mobility, austerity policies, restrictions on public expenditures, privatisations etc) have led to the embeddedness of a "model of development" in the EU which is fundamentally characterized by uneven development. The flawed and distorted nature of economic development in the EU is reflected primarily through the uneven nature and dynamics of the manufacturing sector between the centre and the periphery in Europe.

There are various theoretical strands which purport to explain the uneven economic trajectories in the EU such as dependency theory, cumulative causation and late industrialization theoretical arguments. We will examine the above issues with a view to formulate proposals for alternative policies at EU and national levels which aim towards economic and social convergence. In this context we will critically review recent approaches for a European Industrial Strategy associated with the Transform Network and the Rosa Luxembourg Institute. In the concluding section, reference will be made to the case of Cyprus where the issue of uneven development and unbalanced growth has taken an extreme form. It will be argued, that it is essential to re-orient theoretical and policy thinking towards a search for an alternative model of economic development.