



THIRD WAVE
SOLUTIONS

Eurozone Integration?

A Historic Moment

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August 22, 2011

The world markets as well as politicians are watching the Eurozone very closely recently. Many are waiting with bated breath to see if Germany and France will be able to lead the Eurozone out of its current sovereign debt crisis and chart a stable course going forward. However, that is not what this note is about.

The Eurozone crisis has now put us on a really important historical pivot. Historical in the sense of millennia, not decades. Human civilization has come a long way from hunter-gatherer groups of yore. Members of these groups were relatively friendly to each other and extremely hostile to outsiders. By and by, trade was discovered and these groups became less hostile as trade made friendliness to strangers necessary. Life improved and group sizes increased. It grew into clans and then to small villages (with the advent of agriculture). "Politics" was limited to the village with the elders making rules and adjudicating over disputes.

With time, plain barter was replaced with shells and pretty stones. Trade increased and began happening over longer distances. Trade routes took shape and became important. As distances increased, pretty stones and shells were replaced with precious metals. As trade became easier, the

world became a smaller place. Cities turned into city-states with spheres of influence spreading out further and further. After centuries of having city-states came the inevitable consolidation – the nation. While it can be argued that the

emergency of countries was a socio-political development, it was as much a consequence of economic factors as anything else.

The present Eurozone (or European Union) is the next step in that evolution of civilization. It is a grand experiment for taking the scale of aggregation to the next level. The result of this experiment, which was set in motion about 60 years ago with the Treaty of Paris in 1952, will tell us if we have the ability to live in larger political aggregations as human beings. Arguably, we already live in larger aggregates (India's population is almost twice that of the European Union as it stands today). However, the question is whether it is possible to stitch together these incredibly diverse populations into one centrally governed entity. Indeed, is it possible to stitch them together even in a suitably federal structure?

Were the Eurozone experiment to fail, we will be set back by decades if not centuries in our quest for greater and greater cohesion amongst the residents of this planet. And if we succeed, we could see a flurry* of aggregation, ASEAN, SAARC, Organisation of African Unity (OAU). We live in interesting times indeed.

** In the context of political reorganization, when I say flurry, I'm thinking on the lines of a 100 years rather than a decade.*