

The Eurozone is not suffering from an economic crisis, but a crisis of national politics

ISE blogs.lse.ac.uk/europpblog/2013/11/20/the-eurozone-is-not-suffering-from-an-economic-crisis-but-a-crisis-of-national-politics/

20/11/2013

*One of the most worrying aspects of the Eurozone crisis has been its effect on democracy. **Sonia Alonso** argues that while the crisis has weakened democracy in several countries, particularly with regard to the implementation of austerity policies against public opposition, this should not be understood as the imposition of technocratic policymaking from Brussels. She writes that national governments have a tendency to downplay their responsibility for European decisions, with national actors in both core and periphery Eurozone members having more scope to shape policy-making than they present to their electorates.*



Allegedly, a 'democracy without choices' is unfolding in the Eurozone periphery (GIIPS – Greece, Ireland, Italy, Portugal and Spain). Governments in these countries are adopting a set of economic policies (so-called austerity programmes) that a majority of citizens reject and voice opposition to at the ballot box. Changing governments, however, has not produced policy change.

The view from the periphery, among national publics and elites alike (including national governments attempting to elude responsibility), is that national governments, as members of the European Union and the Eurozone, have no choice but to implement the austerity programmes imposed on them by a combination of unelected European institutions, creditor member states and international markets. The final implication of this argument is that national governments lack policy autonomy and this, in turn, necessarily brings about an absence of policy alternatives. Therefore, although people vote they do not really get to choose.

The view from Eurozone core countries, particularly Germany, reflects the other side of the coin of the crisis. According to this view, all EU member-states have been subject to the same rules of the game, democratically legitimised at the national level by either referendum or parliamentary ratification, and have been hit by the same financial crisis. The difference between countries is that some had done their homework (in terms of

structural and economic reforms) prior to the outbreak of the crisis, while others had used the early years of the euro

to spend beyond their means by way of unsustainable levels of public and private debt.

Therefore, the absence of economic policy alternatives that GIIPS countries now face is a self-inflicted consequence of previous irresponsible (and even fraudulent, in the Greek case) behaviour. Helping GIIPS countries out of their self-inflicted debt crisis risks the institutionalisation of moral hazard or, in other words, a *carte blanche* for each member state to behave as it pleases, with disregard for the consequences. In order to avoid moral hazard, core countries argue, debt-ridden countries that want help have to do their homework. There is no alternative to austerity.



Trilateral meeting between Italy, Spain and France prior to European Council summit, Credit: European Council (CC-BY-SA-3.0)

This TINA (“There Is No Alternative”) predicament is common to both core and periphery views, but it is attributed to opposite causes. For the periphery, it is an external foreign imposition; for the core, it has been self-inflicted. The political consequences of maintaining one or the other point of view are not trivial. According to the periphery, responsibility for the present dramatic situation lies with core countries and EU institutions; according to the core, responsibility is all on the side of the GIIPS countries themselves.

Are we really seeing the triumph of technocracy over politics?

The problem with the view from the periphery is not so much what it says, for it is true that GIIPS populations do not really get to choose the economic policy that they prefer, but rather what it omits. National Governments have a dual role to play in the EU, as has been so superbly argued by Luuk Van Middelaar in his recent book, *The Passage to Europe*: as founding member states *separately* and as member states *jointly*. As member states separately, national Governments represent – and are accountable to – their respective national publics, with their main objective being the defence of national interests. As member states jointly, they have the responsibility to bring to the joint table (the European Council) the acquiescence of their respective national populations or parliaments to joint decisions. In other words, EU national Governments wear two hats, one on behalf of their respective states and one on behalf of Europe.

Back home, however, GIIPS Governments are often tempted to show only one hat, that of the nation-state, thereby avoiding assuming responsibility for what they do when they wear their other – European – hat. They declare themselves impotent, economic policy being imposed on them by Brussels and their EU partners, failing to acknowledge the part they have played in such results. GIIPS national governments have autonomy to decide, if only because they retain the utmost expression of sovereign power, their ability to abandon the club.

Moreover, they can also attempt to block *in extremis* inter-governmental resolutions in case of “threats to life and limb”. If GIIPS national governments do not do so, it is because they need to assume responsibility for decisions taken jointly by the European Council, or else they run the risk of being left out of the negotiating table. During the Eurozone crisis, GIIPS national Governments saw the need to be part of the European Council negotiating table, but they did not take full responsibility for it. Back home, they neither said why they needed to be there, nor did they ask their populations whether they still wanted to be there. Instead, they showed only their national hat and presented the TINA predicament as an imposition from outside.

The problem with the view from the core countries is, again, not so much what it says, but what remains untold. As in the case of GIIPS countries, core countries do not show their populations what they do when they wear their European hat and, therefore, do not assume responsibility for their joint actions with GIIPS at the EU level. There is no discussion in the core Eurozone countries, for instance, over whether GIIPS countries were encouraged to spend excessively by a faulty design of the single currency, which was jointly decided by *all* member states, with core countries’ acquiescence. The decision to only frame moral hazard as a fundamental problem in 2010, after ten full years of collective free-riding over EMU rules, was a political one, driven by domestic, not European, interests.

The unfolding of ‘democracy without choices’ in Europe is widely interpreted as the victory of economics over politics, of technocrats over elected politicians. Herein, however, lays a paradox: how can we explain the heterogeneous effects of the same economic crisis across Eurozone national democracies if not as the result of political – not just technocratic – decisions? It is not economics that has produced the present situation but politics, and not just European politics but national – and nationalist – politics pursued by EU member states in defence of their exclusive national interests.

Admittedly, at present there is little discretion in economic policy for those national governments which have been very badly hit by the economic crisis, and this poses a major problem for the legitimacy of their democratic regimes. However, political autonomy at the national level is not completely absent. The EU is governed by its member states through inter-governmental negotiations and through membership of the European Council, not by the Commission or by the European Parliament. This means that a door is opened to nationalist responses to the economic crisis.

In fact, EU member states have been acting with complete disregard to the level of interdependence among Eurozone economies and the fragility that comes with it. Disregard has also extended to the level of interdependence of individual national responsibilities. National governments from all EU member states would do well to listen to citizens across the EU as a whole, and not just to their own electorate, if there is to be hope for a responsive and responsible EU.



This article was originally published
in Spanish by Agenda Pública

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Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.

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About the author

Sonia Alonso – *Social Science Research Center Berlin (WZB)*

Sonia Alonso is a Research Fellow at the Social Science Research Center Berlin (WZB).

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