

The Political Repercussions of the Eurocrisis in the EU

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European Leaders Ousted

NYT,
Nov 22, 2011



IRELAND
Brian Cowen

Feb. 26;
Defeated in
elections over
failure to
address crisis.



FINLAND
Mari Kiviniemi

April 17; Left
governing
coalition after
poor election
showing.



PORTUGAL
José Sócrates

June 5;
Defeated in
early elections
called after he
resigned.



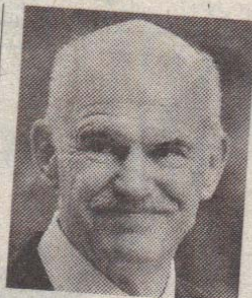
DENMARK
**Lars Løkke
Rasmussen**

Sept. 15; Lost
in general
elections to
center-left bloc.



SLOVAKIA
Ivetta Radicová

Oct. 12; Forced
to call elections
over bailout
vote, but staying
in the interim.



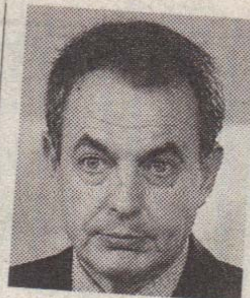
GREECE
**George A.
Papandreou**

Nov. 11;
Resigned and
replaced by
technocrat.



ITALY
**Silvio
Berlusconi**

Nov. 12;
Resigned to let
technocrat form
government.



SPAIN
**José Luis
Rodríguez
Zapatero**

Nov. 20; Lost in
elections to
conservatives.

Overall, belief that the EU is working well to reduce unemployment has slumped on average 17 % in 2 yrs (between 48 and 67 % across EU).

The largest falls were in Italy, a drop of 19 %; France, a drop of 20% ; Portugal 25% ; Greece 29% ; Cyprus 31%; and in Spain, where youth unemployment is at a staggering 46 %, belief that the EU is working hard to tackle the problem has plunged from 84 % two years ago to just 44 % today.

Special Eurobarometer
311/2011



- Romano Prodi: 'Germany is the new China'
- Juergen Habermas: 'Post-democractic EU'
- Angela Merkel: 'It is extremely inappropriate for the EU Commission to propose Eurobonds'
- Nicolas Sarkozy (to UK PM Cameron): 'We are sick of you criticizing us and telling us what to do. You say you hate the euro and now you want to interfere in our meetings.'
- Moody's threat to downgrade all EU states 'if no major political initiatives are taken on short-term'

A complex political puzzle

- Within countries: newly elected govt's in Spain, Portugal, Ireland/technocratic governments in Greece, Italy; austerity programs & social unrest in these countries; Germany's domestic judicial/federal/public constraints.
- Among EU-member states: Eurozone (led by stoic Germany, nervous France) & 'the rest' (led by anti-Euro UK & pleading Poland)
- Between EU member states & the Commission: 'intergovernmental Germany & France' versus Commission President Barroso & the EU institutions > Merkel's 'u-turn'?

Scenarios

- **Best case: Improved budgetary surveillance/sanctions among (17) Eurozone- states and then, increased role of ECB as lender**
 - Issues: Lengthy & difficult EU Treaty change & ratification needed
 - German resistance to larger ECB role (market confidence)
 - creation of a two-speed or ‘split’ Europe
- **Worst case: Overly indebted countries (Greece, Italy) leaving the Eurozone & breakup of it**
 - Issues: Severe social, econ & political unrest across the EU (for both, Greece & Germany)
 - no legal/institutional provisions for leaving
 - Mass exit/breakup of the EU? Global recession?

The big battle: Markets over Politics?

- Next step: meeting on Dec 8/9 to come up with a 'solution'
- Probable: Germany will agree to Eurobonds & expanding of Eur Financial Stability Fund (to \$ 1.25 trillion) with more integrated 'core-Eurozone'
- Govt's & EU will have fewer policy options, undemocratic 'markets rule', increased role of IMF & end of the European Social Market Model? ('Neoliberalism 2.0')
- Markets react fast, but reform in the EU takes (coordination) time, which is paid for heavily by rising debt borrowing costs & internal stagnation and loss of global influence

Community of Nations Important EU institutions



EUROPEAN COUNCIL

Summits of the heads of state and government of the member states

Defines the general direction of European politics and finds compromises in controversial policy areas. The EU's other institutions take the European Council's decisions, which are reached by consensus, as the basis for their actions.

chooses

President of the European Council

Is not allowed to hold any positions on the national level. Has a seat on the European Council, but no voting right.



Herman Van Rompuy

COUNCIL OF THE EUROPEAN UNION

Ministers of the member states who meet in various configurations

Has legislative power in parallel to the European Parliament. Decisions are usually made on the basis of so-called qualified majority voting. Presidency rotates every six months among EU member states.

names

High Representative for Foreign Affairs and Security Policy

The EU's "foreign minister." Also holds the position of vice president of the European Commission.

issues political guidelines to

nominates



Commission President

Holds a seat in the European Council but no voting right.



José Manuel Barroso

approves



EUROPEAN PARLIAMENT

Directly elected parliament that has legislative power in parallel to the Council of the European Union. Approves the EU budget in conjunction with the Council of the European Union. The parliament has the power to censure the Commission and force it to resign.

confirms the commissioners

approves the commission president



Catherine Ashton

EUROPEAN COMMISSION

The EU's "government." The Commission's president is nominated by the European Council and then approved by the European Parliament. The commissioners are nominated by the member states and approved as a group by the European Parliament.

PHOTO: SPIEGEL