

In the Absence of Choice What the Euro Crisis Means for Southern European Democracies

Sonia Alonso

Democracy is about choice. This is why unpopular policies are unsustainable in the medium- and long-term. If governments persist in pressing on their unpopular policies, one of two things will happen: the government falls (the democratic solution) or the regime falls (the democratic failure). This is also the reason why the democratic process turns farcical when the opposition, upon taking office, defends the same unpopular policies that caused the fall of the government. Some politicians justify this behavior with the argument that there is no alternative (TINA). There is an element of truth in this. Politicians have voluntarily renounced the degrees of freedom they once enjoyed for the sake of greater efficiency. Politics—and not just jobs—have been *offshored*, to borrow an expression from Joseph Stiglitz. Economic policy has been increasingly insulated from domestic democratic politics and/or transferred to nonelected supranational bodies. As Wolfgang Merkel has put it, the “trade-off between democracy and technocracy” is being solved in favor of technocracy.

National governments which are democratically elected are being held accountable for something over which they do not control one of the main levers, monetary policy, which is in the hands of independent central banks and international agencies. Governments of the Eurozone, moreover, only partly control the other main lever, fiscal policy, constrained by European treaties. The consequence seems to be that democratic politics has ceased to be an arena of choice. The political impotence of governments is more than just an excuse intended to produce exoneration at the polls for their unpopular policies; as long as national governments prefer to respect their supranational and international commitments rather than respond to their domestic constituencies, TINA is the real thing.

This scenario has been unfolding with particular crudeness in Southern Europe since the outbreak of the economic crisis in 2008. National democracy has been temporarily suspended. As Joseph Stiglitz has put it, “there may be free elections, but, as presented to the voters, there are no real choices in the matters that they care most about—the issues of economics.” Government turnovers have followed one another but the austerity programs remain unchanged. Right-wing or left-wing governments, it has made almost no difference. Cuts in public services, wages, pensions and trade union rights have been carried out by Social Democratic governments as much as by Conservative ones. Publics have had the opportunity to see that the change of government has produced no change of policies. They now know. What will happen in the next electoral round? Will peo-

Summary: Presenting voters with a choice between policy alternatives is a core characteristic of democracy. However, during the Euro crisis, national governments often claim that „there is no alternative“ (TINA). Decisions are taken by non-elected technocratic institutions at the supranational level. Particularly in Southern Europe, there is no real choice any more in economic policy. Democratic principles are undermined, and protest against TINA politics and against national governments – both from the left and the right – and against the European project is becoming harsher.

Table: Percentage of “tend not to trust” respondents.

| | Political Parties | National Government | National Parliament | European Union | European Commission | European Central Bank |
|----------|-------------------|---------------------|---------------------|----------------|---------------------|-----------------------|
| Greece | 94 | 91 | 89 | 81 | 77 | 81 |
| Italy | 88 | 77 | 82 | 53 | 42 | 46 |
| Portugal | 79 | 74 | 73 | 58 | 45 | 50 |
| Spain | 91 | 86 | 85 | 72 | 64 | 75 |
| EU 27 | 80 | 68 | 66 | 57 | 44 | 49 |

Source: Standard Eurobarometer 78 (autumn 2012).

ple who feel deceived vote at all? It seems unlikely, given the levels of trust in political parties in these countries. More likely, Southern European citizens will take refuge either in abstention or in new—anti-system or extremist—parties.

The loss of control by Southern European debtor countries of their own destiny—turning over power to creditors—is unfolding before the citizens' eyes against a background of dramatic disillusionment with their own political systems (see Table above) and increasing social and political unrest outside representative institutions. The euro crisis, by creating many losers, temporarily homogenizes the *demos* into a quasi-unanimous rejection of austerity. Fairness has begun to replace economic efficiency as the primary criterion for choosing between policy alternatives. A recent survey in Spain has shown that those who prefer that the costs of the crisis are fairly distributed even at the expense of economic growth are a majority, irrespective of partisan identity. This goes in line with experiments in political psychology that have demonstrated that most individuals would rather accept an inefficient outcome than an unfair one.

What happens in a situation without real choices when election time comes? Until now in Southern Europe governments which persist in implementing austerity packages are falling one after another. Regime stability holds in spite of the Great Recession. Fortunately for the future of democracy in Southern Europe, domestic politics are getting increasingly in the way of the Eurozone 'Golden Straitjacket', as Thomas Friedman calls it. Unfortunately for the European project, the pressure on the semi-sovereign governments of Southern Europe is coming from social movements and radical parties, on the right and on the left, that are increasingly—if not outright—Eurosceptic. Populism is becoming an electoral force.

Parties are emerging and growing that claim to represent the people against a corrupt elite made up of an alliance of politicians and bankers. Among the favorite targets of this anti-elitism are Brussels' bureaucrats. The populist movements and parties—as heterogeneous as *Movimento 5 Stelle* in Italy, *Syriza* in Greece, or the *Indignados* movement in Spain—claim for more and better democracy, for political regeneration. Their pledge as defenders of democracy is credible in the eyes of an increasing number of voters in Southern Europe, for they are the only ones who openly criticize the primacy of economic bureaucrats and financiers over democratic politics. Movements and parties as heterogeneous as those mentioned would all agree with the words by the Member of the European Parliament (MEP) Nigel Farage, leader of the right-wing populist United Kingdom Independence Party (UKIP), at a debate in the European Parliament last September 2012: "If you rob the people of the most powerful thing they possess in a free society, their ability to vote for and to fire their governments, their ability to be the masters of their own destiny, if you take that from them, all they are left with is civil disobedience and violence. And so what you are doing in the name of economic governance is something that is incredibly dangerous and, far from this European project being something that will engender peace, it is likely to do the very opposite."

It is difficult to disagree with those words, when one takes them in isolation from the UKIP's complete electoral platform. Civil disobedience is spreading in Spain; violence is spreading in Greece. National governments in Southern Europe—and the parties behind them—will soon have to face up to the fact that "democracy without choices", to speak with Bulgarian intellectual Ivan Krastev, is inherently unsustainable.

EU decision-makers are aware of this risk. The TINA preachers in Brussels and in creditor countries identify the debtor countries' national democracies as part of the problem in the solution of the economic crisis. They do so in a way reminiscent of the neoliberal predicament that blames state intervention for the inefficiencies of the markets. There are many examples of this. The proposal by Greek Prime Minister Papandreou in late October 2011 to submit the second austerity program prepared by the Troika to a popular referendum was greeted by the European Commissioner Ollie Rehn with the words: "We felt that the unilateral announcement of the referendum was a breach of confidence by Greece



Sonia Alonso is researcher at the WZB research unit Democracy and Democratization. Her research focus is on issues of democracy, ethnic politics and transition to democracy. (Photo: David Ausserhofer) sonia.alonso@wzb.eu

in relation to its European partners." Whether the austerity program might have been a breach of confidence with the Greek electorate did not seem to be of consequence. After a representative of Italy's *Lega Nord* said it would not support the country's prospective technocratic new government and called for a general election, European Council President Van Rompuy responded: "The country needs reforms, not elections." These two EU bureaucrats seem to share the rating agency Goldman Sachs' view, expressed in a *Guardian* report on Spain, that governments that pause to listen to the preferences of their national constituencies are "indulging domestic political interests."

Skepticism is not limited to national democracy. Respect for supranational (i.e. European) democracy is absent too. The European Parliament, the only directly elected institution of the EU, is not allowed any influence in decisions concerning the economic crisis. According to the news platform *European Voice* (10.11.2011), a European Central Bank (ECB) official dismissed the idea of giving MEPs a greater say in moves to resolve the crisis: "I don't know whether the MEPs have the necessary technical expertise and interest in the crisis to take a pertinent role," he said. Plans to give the European Commission real rights of intervention in national budgets have been enthusiastically pushed ahead by the government of the main creditor country in the EU, Germany. The German Chancellor, Angela Merkel, told the Bundestag in October 2012 about the need to combine the European Fiscal Pact with the establishment of a "super-empowered European currency commissioner." This move does not seem to go in the direction of strengthening direct democratic oversight at the European level.

It is all about timing. The longer the crisis lingers and the social costs continue to increase the more difficult it will be for Southern European governments to isolate themselves of the pressures from below. So far, the idea that outside the EU things would be worse seems to hold, but barely so. Majorities in Southern Europe still believe that they face a better future inside the EU: A Eurobarometer survey showed 59 percent in Greece, 56 percent in Italy, 52 in Portugal, and

Discontent about current developments like the EU's dealing with the financial crisis, fuels support for new movements like the 5 Stelle in Italy, led by the popular entertainer Beppe Grillo, here speaking at a rally in Verona in April 2012. (Photo: picture alliance / Bolzoni Davide)

60 in Spain in the year 2012. However, among the intervened countries—Greece and Portugal—35 and 36 percent of respondents, respectively, think that they would be better off outside the EU. According to a Pew Research Center survey from May 2012, 40 percent of Italians and 36 percent of Spaniards would prefer to return to their own currency. Will government political parties continue to ignore these numbers?

How long can a democracy remain temporarily suspended by a state of economic emergency and still be called democratic? Democracy is incompatible with the 'Golden Straitjacket' that is being imposed on debtor countries by three unelected institutions (ECB-EC-IMF) strongly influenced by creditor countries. Domestic politics will eventually win out, as many democracies facing similar challenges in the past have demonstrated, or else democracy will cease to exist in any meaningful sense. The next two years will be decisive. In the absence of a legitimate democratic process at the European level, Southern European countries might have to choose between remaining in the euro and saving democracy in their respective countries.

References

- Fernández-Albertos, José/Kuo, Alexander/Balcells, Laia: Economic Crisis, Globalization, and Partisan Bias: Evidence from Spain. Juan March Institute Working Paper. Madrid 2012.*
- Friedman, Thomas: The Lexus and the Olive Tree. New York: Anchor Books 2000.*
- Krastev, Ivan: "The Balkans: Democracy without Choices." In: Journal of Democracy, 2002, Vol. 13, No. 3, pp. 39–53.*
- Merkel, Wolfgang: "Demokratie und europäische Integration: ein Trade-off?" In: Neue Gesellschaft/Frankfurter Hefte, 2013, Vol. 60, No. 1–2, pp. 4–9.*
- Rodrik, Dani: The Globalization Paradox. New York: W.W. Norton & Company 2011.*
- Stiglitz, Joseph: The Price of Inequality. New York: W.W. Norton & Company 2012.*