

The political and economic crisis in Europe has meant a step back for the EU's major institutions. Solutions in 2012 must not come at the expense of democracy.

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*At the close of 2011, British Politics and Policy at LSE asked our contributors for their thoughts and predictions for 2012. **Sara Hagemann** argues that the EU's leaders should ensure a key role for the European Commission in the governance of the Eurozone, as well as broader parliamentary involvement in Europe's economic development.*



Another defining summit always seems near whenever politicians, EU experts and journalists try to take stock and comment on the evolving economic and political landscape in Europe. Unfortunately, the references to 'new and drastic developments in the EU's set-up' have been heard for some time. A short while ago, important treaty changes were on the agenda with the failed Constitutional Treaty and then the revamped version in the Lisbon Treaty. Today, these are hardly mentioned although the EU's legal structures are once again under pressure.

Instead, it is the Eurozone's political and economic problems, Europe's apparent shortcomings in the area of immigration and free movement, as well as the lack of global clout, that currently dominates the EU's coverage. In 2012, the governments' decisions on the future of the Eurozone and its governance structures will be key to the success or failure for the wider EU in each of these core areas.

Trapped in compromises

Since its very beginning the EU has been a compromise between, on the one hand, a vision of a supranational collaboration with independent institutions acting on a mandate to promote and develop Europe's common interests, and, on the other hand, the idea of an intergovernmental organisation controlled and steered by its participating governments.

The compromise between supranational and intergovernmental preferences is apparent in all sections of the EU's structures. Its supranational institutions – the European Parliament, European Commission and the European Court of Justice – are responses to a need for delegating a number of core tasks to independent institutions that can promote and protect the collective interests of the member states. They are to ensure that the political and legal agenda is handled efficiently and to avoid a (complete) dominance by the largest and richer countries. As a counter balance to this delegation, the governments have made sure to keep control over the overall political direction by establishing the European Council, as well as over policy-making through the Council of the European Union ('Council of Ministers').

The result is an impressive, but highly complicated, set-up, which has proved advantageous for smaller and poorer member states. But there is a muddled picture when it comes to power and responsibilities at a time of crisis, with an unfortunate reliance on personalities. When the EU institutions – and in particular the Commission – are headed by strong leaders, Europe's common interests are well looked after. When the Commission is weak, it is not necessarily a shared European 'good' that drives decisions, and political actions may be dictated by government representatives' shorter political time horizons and party political convictions.

Guarantees for democracy

The euro crisis and the political crisis of the EU have meant a step backwards for both the European Commission and the European Parliament. Both institutions have failed to influence decisions about everything from bail-outs to general financial and economic structures and regulation. Furthermore, a new round of treaty changes and the suggested creation of separate governance structures for the Eurozone are likely to result in a further decline in their role and influence in the future.

These developments are highly problematic. While the Commission and Parliament each have their respective problems to address, they are the only guarantees against the domination of the interests of large (and rich) member countries. The past months' intense negotiations have led to a predominantly German-conservative conclusion for the further management of the Eurozone, without consideration of potential alternatives. Of course the situation during the past months has necessitated 'quick and convincing'

political announcements (although the political leaders did drag their feet for quite a while), but the Commission, European Parliament and national parliaments should be included to a much greater extent.

Much of the mess Europe finds itself in has to do with the lack of transparency in different actors' decisions and behaviour, both in the financial markets and with respect to the economic and financial politics of the respective governments. Hence, it is very important that the Eurozone, as well as the whole of the EU, ensures that it continues to keep a watchful eye over governments' decisions in the coming months' negotiations over a blueprint for the Eurozone.

But a more convincing signal of a new, strong and democratic economic 'regime' in Europe would be a detailed – and binding – agreement on the involvement of the European Commission in the governance of the Eurozone, as well as greater parliamentary participation in debates over Europe's economic future.

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