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Reigning in the EU's financiers of austerity

A democratic assembly should replace the powerful brokers of the Eurogroup, Thomas Piketty and other thinkers argue

Outside of the Brussels bubble, the average European layman might vaguely recall something known as the Eurogroup, which is in some way connected to the single currency and management of southern Europe's 2008–2011 debt crises.

This imprecision wouldn't be surprising since the Eurogroup is an informal and highly opaque circle comprised of euro-area finance ministers, an EU commissioner and the ECB directorate, which meets irregularly in different constellations and almost always behind closed doors. It issues no minutes, records or transcripts and answers to neither the European Parliament nor the Commission.

Yet this nebulous coterie dubbed the Eurogroup plays an outsized and ever greater part in the political economy of the entire EU, though disproportionally in those of the eurozone members. From behind the scenes, the Eurogroup effectively defines large swathes of monetary and now fiscal policies too, infusing them with its entrenched neoliberal logic.

The Eurogroup's constituent power

While the Eurogroup's diverse functions and conservative monetarist ideology may elude the attention of many, a concerned cluster of European scholars and politicos have not only investigated it, but also made it their business to reign in – in the name of a truly democratic and socially minded EU.

This group includes the authors of the newly released *How To Democratize Europe*, among them economist Thomas Piketty, jurist Stephanie Hennette, political scientist Guillaume Sacriste and think tank director Antoine Vauchez. The team's object in this book is to shine a

spotlight on the Eurogroup and propose a framework to make it democratic and transparent – and also, in the process, jar loose the EU's supply-side fixation. Much more is at stake than meets the eye, they claim, as far-right populist parties are currently filling the political vacuum around the euro's governance with welfare nationalism and a rejection of European solidarity.

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The euro itself and behind it the Eurogroup, has, charge the authors, become a 'constituent power in Europe' – one of Europe's mightiest. In fact, the EU's monetary union has come to function as 'a cornerstone for all EU economic and social policies, and its restrictive effects are today directly felt at the heart of national social pacts. Constructed by the powerful network of national and European financial bureaucracies around the objectives of financial stability, budgetary consolidation, and structural reforms, this government [the Eurogroup] has acquired considerable clout over the years and clamps member states' policies (budget, welfare, education, labor market) in a vice of common obligations and constraints,' they argue.

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The Eurogroup's genesis

The authors show how the Eurogroup and monetary policy as such came to inform so much of EU policy. It beginnings were humble – monetary coordinating is mentioned in the Rome Treaty but not elaborated upon – and remained so until the EU agreed to become a monetary union in 1992. In the Maastricht Treaty, signed that year, few initially noticed that the fine print circumvented the national parliaments and the European Parliament when it came to economic policy coordination. This is when mandate creep began – and the Eurogroup came into existence, at first informally -- with Germany and its restrictive monetary logic gradually winning ever more influence. But it wasn't until after the euro's birth and then the 2010 sovereign debt crisis that the un-elected and autonomous monetarist actors began to assume their current incarnation.

This happened in large part as a response to the crisis and in particular to

the diagnosis that the euro economies' had to be much more tightly tied together and function according to similar economic logics. The creation of mechanisms and measures such as the European Semester, the European Stability Mechanism, the Fiscal Compact, and the 'two-pack and six-pack' reforms, among others, wedded the euro economies to an economic logic that was no longer the purview of national economies, but rather of the Eurogroup.

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Of course, the conditions for the imperilled countries – Greece, Portugal, Ireland, Cyprus, and Spain – were far more draconian, taking the form of dictates, which if not fulfilled could have meant their expulsion from the EU. Their sovereignties were severely curtailed until they got in line.

A new treaty to democratise

The solution to this dire state of affairs, argue the authors, is a rebooting of the European project through a eurozone assembly that exists in parallel to the current European treaties. They argue for a Treaty on the Democratisation of the Economic and Social Government of the Union, referred to by its progenitors as 'T-Dem,' that would offer considerably more flexibility in terms of public budgets and debts.

At the heart of the project is a eurozone assembly composed of national and European parliamentarians with substantive powers to shape EU economic policies. This assembly could take different forms, argue the authors, but the point of it must be to make the EU significantly more democratic and transparent, on the one hand, and open to innovative social and ecological policies no longer prisoner to the vision and rules of the Eurogroup, on the other.

'By restoring the full importance of social mobilizations and transnational political divisions,' argue the authors, 'one brings into the steering of the euro and the definition of European economic policies a number of players and causes that have hitherto been thoroughly excluded.'

The volume includes nine essays in addition to the main texts and a draft of the treaty from the four authors -- a debate within the broader parameters of the T-Dem discourse.
The author's radical reforms make ample sense and indeed are not

entirely new. Europe's democracy deficits are only becoming more pronounced, and thus harder for Europe's pro-EU forces to defend. The longer that the powers that be put off democratic reforms, the harder it is going to be to ever make them happen.



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