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**Europe's Crisis of Legitimacy: Governing by Rules and Ruling by Numbers in the Eurozone.** By Vivien A. Schmidt. Oxford: Oxford University Press, 2020. 358p.

Owen Parker, *University of Sheffield*

No scholar has done more than Vivien Schmidt to illuminate the contemporary European Union's democratic and legitimacy deficits. Her previous work pointed to the reality of what—in a typically pithy turn of phrase—she termed 'policy without politics' at the EU level and 'politics without policy' at national level (Schmidt 2006). This captures the idea that the EU has become increasingly important in policy terms, but often with limited political accountability and democratic oversight. Correspondingly, member-state polities have, in many important areas, become policy-takers and politics little more than party-political spectacle.

Schmidt's excellent new book shows us how and why the Eurozone crisis—which began over a decade ago—brought such realities into stark relief and precipitated what she terms a 'legitimacy crisis'. According to her analysis, the socio-economic shock of the crisis prompted widespread politicisation. At the EU level this was manifest as 'policy *with* politics'—intensified tensions within and between the institutions—and at the national level as 'politics *against* policy'—increased public discontent and the rise of anti-system or populist political parties. Unlike the many polemics that have been written on the Eurozone crisis, Schmidt's analysis shows us that the politicisation that accompanied the crisis had extremely varied impacts on EU legitimacy over time and across (EU) space. Her detailed and nuanced analysis is grounded in both extensive primary research and a wide-ranging synthesis of the academic literature.

The main value-added of the book lies in its close analysis of the EU's 'throughput' legitimacy. The more familiar concepts of 'input' and 'output' legitimacy refer to the quality, respectively, of government *by* the people and *for* the people. In Schmidt's rendering, 'throughput' refers to governance *with* the people or the quality of institutional processes and practices. In the context of the EU, the concept invites a focus on the legitimacy of the governance processes that take place within the 'black box' of its institutions (a major preoccupation of her work in recent years – see also Schmidt 2012).

Schmidt shows us that within those institutions there was an initial doubling-down after 2010 on a rigid economic orthodoxy that entailed 'governing by the rules and ruling by the numbers'. Gradually, however, this was replaced by a willingness from EU institutions to open up to alternatives and exercise greater discretion. This story is told in admirable detail as it pertains, in turn, to the Council, Commission, European Central Bank (ECB) and European Parliament. The broad thrust of Schmidt's account is that the orthodox economic actors—Germany in the Council; Trichet in the ECB; Barroso and Rehn in the Commission—gradually lost their dominance to, or were replaced by, less

orthodox actors—France and ‘southern’ member states in the Council; ‘super Mario’/‘whatever it takes’ Draghi in the ECB; Juncker (the ‘political’ President) and Moscovici in the Commission; and an increasingly assertive European Parliament.

Schmidt describes these institutional changes expertly, while at once showing us that things were never quite as straightforward as tales of ‘ogres versus heroes’ might have us believe. In particular, the book captures the ways in which the different institutions, and the key actors within them, faced shifting constraints over time. Such constraints were in part self-imposed: a consequence, for instance, of wrongheaded framings of the crisis in terms of ‘northern saints and southern sinners’ (see Matthijs and McNamara 2015). Once those frames became locked-in they could not be easily undone. As such, shifts in the institutions’ approach occurred initially ‘by stealth’.

Throughout the book Schmidt rightly distinguishes between the at-times disturbingly authoritarian ‘Washington consensus’ treatment dished out to ‘programme’ countries (such as Greece) and the ‘European Semester’ process of socio-economic governance applied to other member states. While the latter initially sought to toughen Commission oversight of Eurozone national economies, it became increasingly flexible, discretionary and weak over time.

The EU’s early failings in relation to ‘throughput’ contributed to the failure of ‘output’ legitimacy—legitimacy derived from policy outcomes. In short, a German-inspired fiscal consolidation, rooted in a preoccupation with ‘moral hazard’, failed to deliver the promised recovery and growth. On the contrary it led to stagnation and deflation, especially in programme countries. That said, as EU policy became more discretionary and focused not only on austerity but also investment and social imperatives, outcomes improved in some national contexts.

With respect to ‘input’ legitimacy, early crisis responses exacerbated emerging social crises and poured fuel on the fire of an anti-system populism in a number of countries, hollowing out the political centre ground (mainstream social democratic parties were a notable casualty). Schmidt is careful to show that the populist turn took different forms, with a left-populism generally doing better in the south and a right-populism in the north. Euroscepticism featured more or less prominently and took different forms within this populist turn (on this story see also Hopkin 2020).

Schmidt’s use of a discursive institutionalist theoretical lens—an approach that she has led the way in developing (Schmidt 2010)—lends itself to an analysis that is sensitive to the interplay of social structure and agency (particularly discourse). Any disagreements with Schmidt’s empirical account of crisis-induced institutional change are therefore only minor quibbles. That said, for this reader, slightly more might have been said on the evolving ideas of the epistemic communities informing the high-profile institutional leaders that constitute the main focus of Schmidt’s analysis. In that respect, accounts that delve even deeper into the governance ‘black box’ might usefully complement

Schmidt's broader story (note for instance, Argyroulis's (2020) fascinating exploration of the shifting views of the EU's inter-institutional Economic and Financial Committee). With respect to structural factors, while the Commission's growing tendency to include 'social' as well as economic goals in their recommendations to member states is correctly highlighted, the analysis might have pointed out that legal sanctions for non-compliance are, in the main, attached to economic but not social goals (on which see, for instance, Parker and Pye 2018).

Writing before the covid pandemic struck Schmidt notes in conclusion that, 'Eurozone governance appears stuck in limbo' (p.294). In the early months of the pandemic it seemed to remain 'stuck': we witnessed a re-run of the Eurozone crisis themes, including member state division along north-south lines and a reliance on dramatic ECB intervention (Draghi's 'whatever it takes' echoed in Lagarde's 'there are no limits') (Parker 2020). But later developments suggest that the member states—most notably Germany—may have recognised some of the past mistakes that Schmidt's book makes so clear.

Those developments include a commitment to: the mutualisation of some debt; grants (and not just deflationary loans) for struggling states; increased investment by the European Investment Bank; and a further softening of EU socio-economic oversight. Notably, a number of these commitments correspond to the reforms suggested by Schmidt in her conclusion and she would surely welcome them (if not, of course, the circumstances that prompted them). These steps stabilised, at least temporarily, the EU's seriously faltering legitimacy in some national contexts (notably Italy) and in so doing potentially averted a fatal blow to the single currency.

This shift in socio-economic governance serves to reinforce an important (albeit largely implicit) political message in Schmidt's book. Contra the euro-pessimism of some prominent critics on the European left (for instance, Streeck 2014), recent commitments show that a neoliberal EU is amenable to quite radical reform and institutional change. At the same time, Schmidt's analysis provides cause for circumspection. Suggestions from various euro-optimists that recent reforms mark Europe's 'Hamiltonian moment'—in short, a step towards European federalism (see for instance Sandbu 2020)—may not only be premature, but also potentially harmful to the EU's delicate legitimacy balancing act.

For better or for worse, both 'politics *against* policy' at national level and 'policy *with* politics' at EU level remain alive and kicking. Given the magnitude of the ongoing economic shock and its global reach, such politicisation could at any moment trigger a further crisis of legitimacy for the Eurozone and the wider EU. Schmidt's brilliant book will be an invaluable resource for both scholars and practitioners as they navigate the difficult terrain ahead.

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