
of the euro is at stake—and they are increasingly aware of it. No eurozone government is willing to go off the euro, let alone see it collapse. They will pay whatever price they have to pay to keep it afloat and to prevent further contagion of the debt crisis.

Excessive optimism would be misguided, however. The next few years will probably be a long and dark tunnel. The crisis will not abate as long the credibility of collective economic governance is in doubt. Only if the eurozone goes further toward economic integration will it be able to surmount its current difficulties. And that's a big if, because it raises core issues of sovereignty that have only begun to come to the surface, both for the countries that are being rescued and for the countries that are doing the rescue.

Will there be a full-fledged economic union, with a form of joint and several liability? We will begin to see how serious the EU governments are in responding to this question in the next few months.

The Intellectual Impact of the Euro Crisis

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LET me begin with a confession: in spite of a deep and enduring interest in European politics, I always found the European Union and European integration process to be excruciatingly boring. Coming from someone with a professional interest in European party politics, this statement may sound preposterous. And yet, this bias survived several stints as a teacher of an undergraduate course on the politics of European integration and a postdoctoral fellowship at the European University Institute, where dozens of clever graduate students withered away their days (granted, in a magical setting), writing doctoral theses on the most arcane Brussels policies or the ubiquitous and seemingly unstoppable “Europeanization” process. If anything, these experiences only reinforced

my negative perception of the intellectual potential of European integration.

Well, I am happy to report that my bias is now gone and buried! The “euro crisis” has not only challenged our optimistic belief in the bright future of the European integration project, but it has also reminded us why this is, indeed, the most ambitious and far-reaching political experiment of our lifetime. In fact, what the crisis has done is to bare open the hidden sinews of this experiment and its far-reaching implications, whether we live in Europe or not. Indeed, I can hardly think of another global political process today, from the Chinese economic boom to the Arab Spring, touching on so many fundamental political questions. Let me highlight a few of these questions.

Sovereignty and the nation state: Probably the most important and fascinating implication of the Euro crisis relates to the process of moving away from national sovereignty—and doing so peacefully and (almost) democratically. After two centuries of a process of relentless rise and domination of the nation-state as the only legitimate way to structure political authority at a high level of territorial aggregation, we are witnessing sovereign nations willingly devolving their power and authority to a novel, supranational entity. This won't happen easily (and it may not happen at all), but it is a process of monumental political and historical significance. It is also a process that holds tremendous significance for our theories of nationalism, sovereignty, the state, as well as our understanding of international relations.

Democratic theory: While critical talk of a “democratic deficit” and an “elite-driven” European project has been around for a long time, the mismatch between the locus of fiscal policy decisions and that of political representation has never been so big—and growing so fast. Many observers have castigated a process whereby decisions of enormous political significance are made at European overnight summits, only to be rubber-stamped later by

spineless parliaments; of referendums that get repeated until the right outcome is reached; and of the fall of elected governments, to be replaced by unelected technocrats. It is also the case that electorates have begun to react to this power shift; national party systems are being slowly but surely reconfigured, as a new Rokkanian cleavage line is emerging, bisecting parties into systemic, pro-European ones (the old Christian-democratic and Social-democratic parties) and populist, anti-European ones (primarily far-right, but potentially far-left ones).

Institutional design: The consensus about the causes of the crisis points to poor institutional design, namely the mismatch between the needs of a common currency and the institutions that were politically feasible at the time of its inception. This institutional mismatch extends beyond state institutions and covers several areas, including banking. Furthermore, the crisis also calls for widespread reforms in additional domains, such as the internal architecture of states. It is no coincidence that the focus has recently been as much on the woes of Sicily and Valencia as on the problems of Greece and Portugal. Lastly, questions of institutional design are also intimately connected with issues of democracy and representation. Beyond the institutional mismatch between the locus of representation and taxation lies the organization of politics. Presently, politicians are accountable to national electorates at the same time that they are forced to devolve national power to Brussels; likewise, fiscal decisions will increasingly be taken at the European level, not the domain where party politics are organized. This is not sustainable. Just imagine for a moment, the US without a Congress and a Senate (for the European Parliament is powerless), with critical fiscal decisions being made by unelected Federal bureaucracies and in summits of state governors.

The politics of economic crisis: There is a substantial literature in political science about the “politics of hard times,” although the most sig-

nificant part tends to focus on either the interwar years of the Great Depression and the Weimar Republic, or the politics of developing countries with weak institutions, primarily in Latin America and Eastern Europe. In a way, the politics of deep economic crisis in advanced, industrialized countries with established, democratic regimes constitute a novel phenomenon. The questions to be explored, among many others, include how sky-high unemployment rates are likely to affect democratic legitimacy, whether social unrest is likely and what form it may take, and what will be the future of the welfare state.

The politics of the public sphere: A typical lament over the years has been the absence of a European public sphere. Well, the crisis is ending this grievance, at least partially; it has spawned new pan-European (and global) debates, the most prominent of which is probably the austerity versus growth debate. The crisis has also generated a slew of public intellectuals, primarily economists or economic journalists: Martin Wolfe, Wolfgang Munchau, Jacob Funk Kirkegaard, Hans-Werner Sinn, Jean Pisani-Ferry, Paul de Grauwe, just to name a few. These individuals come from a variety of national backgrounds, but they all communicate in English. The platform of this new public sphere is constituted primarily of British media: *The Economist*, *Reuters*, the *Financial Times*, but also *Spiegel Online International*—something made possible because of the reach of the internet. True, this public sphere is partial and impacts only a tiny English-speaking elite. However, these debates are seeping into public discourse as they get translated, reported, and further debated by the national media. Standing against this new public sphere is the populist public sphere, often at home in trashy TV-shows, but also the blogosphere: this is the world of Silvio Berlusconi and Beppe Grillo. It will be fascinating to watch how these competing public spheres interact and evolve in the near future.