

It's All or Nothing: how to Make the EU more Democratic, Transparent and Efficient

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Ever since the Global Recession fully enveloped Europe in 2010, the EU's decision-makers have been operating in crisis mode. Every couple of months Europeans are told to rejoice that yet again catastrophe has been averted by way of the latest last-ditch effort designed to temporarily tame financial markets and keep the single currency alive. So far this *modus operandi* has been successful in what it was designed to do: buying time. But with Europeans slowly waking up to the fact that time is indeed an expensive commodity, all over the continent the question arises: in what exactly are we investing and what kind of new Europe is it that we have bought time for up to now? Demanding an answer to this question is what unites German taxpayers who will eventually have to foot the bill for bailout after bailout on the one hand, with an entire generation of European youths that is bearing the brunt of the austerity policies imposed on the eurozone's so called 'periphery' on the other. Yet, when it comes to formulating a coherent strategy to tackle Europe's dismal situation, our political class stays silent and one cannot help but think: maybe there simply isn't a plan at all.

At the same time a refugee crisis of unseen proportions rattles Europe and its neighbours. The logic of diverging national interests dominates the issue, with no common solution in sight; all while the sources for this massive migration go unaddressed and the human suffering continues unabated.

Meanwhile, on Europe's eastern flank, Russia's occupation of Crimea and the Donbas has created what Rebecca Harms, president of the Greens–EFA group in the European Parliament, recently called a 'launch pad for distortion'. It is from here that Mr Putin intends to continue to destabilise Ukraine. His aggression is not merely directed at the country but equally at NATO and the EU; and hence ultimately the model of civil society and rule of law that the latter represents. The eminent Ukraine expert Timothy Snyder has described this conflict as a contest between 'those who wish to oppress civil society and those who wish to embody it.'¹ He convincingly made the case that a repeat of Poland's success story in Ukraine, or any other of Russia's former satellites would present Russia with truly existential problems and that therefore a quick amicable end to the civil war in Ukraine seems a highly unlikely proposition.

As if this weren't enough, almost all sectors of public policy-making within the EU are also facing tremendous challenges. The European crisis doesn't end with its terrible management of the single currency, its shameful negligence in the refugee crisis and its complacency on foreign policy issues. Be it the EU's energy policy, LGBT Rights, youth unemployment, environmental policy, labour market reform, issues of privacy and personal freedom and many more, there is almost no area of policy-making left, where any kind of substantial progress appears likely in the near future. Unfortunately, by now it has become clear that the EU will not be able to solve any of the problems it is presented with as long as it remains confined by the very confederal framework that has limited it ever since its conception.

It is against this backdrop of confusion and complacency within Europe's political establishment that this article describes how the EU can be rendered more democratic, more transparent, as well

¹ Timothy Snyder: Ukraine, Russia and the Central Significance of Civil Society, talk at the Filozofická fakulta Univerzity Karlovy v Praze, <https://www.youtube.com/watch?v=yoUkoGn7cRU>

as more efficient at the same time. Simultaneously, the article explores why it is of the greatest importance for Europe that such efforts ultimately succeed.

Democracy is effectively over in many parts of Europe

Who rules Europe? In the first 15 years after the Maastricht Treaty that created today's European Union was signed, answering this question was relatively straightforward: European nation states within a largely intergovernmental political framework remained the key political actors on the continent. Invested with democratic mandates that extended as far as each country's geographical boundaries, states could borrow money at market rates and then spend that money under the oversight of their national parliaments. If the people were unhappy with the way their government acted (with taxation, borrowing or the way money was spent) they could revoke that mandate with the next election.

One of the most severe consequences of the current European crisis is that this mechanism is no longer in place. In many countries of today's eurozone, democracy is effectively over.

The traditional right to determine a state's budget, which is one of the most essential rights of any democratically elected parliament, has disappeared in practice. In many cases including Spain, Ireland, Italy, Portugal, Cyprus and Greece, parliaments can no longer make independent decisions on the state's financial resources and therefore are no longer able to properly represent the will of their respective national constituency.

The evidence that austerity is a bad economic policy has been mounting in recent years. That is not to say that many parts of Europe are not in need of reform. On the contrary, there are many viable targets for reform, such as the Spanish and Italian labour markets, the Greek government sector or the French social security system. A coherent strategy to tackle the huge German current account surplus should be high on that list as well. However, the idea that massive cuts in government spending will quickly spur investor confidence has turned out to be a grave error that can no longer be defended. Spending-cut policies have proven to be contractionary and contradictory by showing to have disastrous effects on employment – especially among young people – as well as the solvency of public coffers throughout the continent.

Furthermore, it should be made clear, that the policy known as austerity – which has been branded by the Institutions formerly known as Troika as inevitable – is nothing more than that: a policy, i.e. one choice among others to try and regain economic stability and ultimately growth in Europe.

The language and attitude of protesters all around Europe at times tend to tilt towards the extreme, which is problematic as it inhibits rational political discourse. However, the basic notion of discontent citizens that they are ruled by someone else (or *fremdbestimmt*, as a German expression precisely captures it) is not fiction but reality.

Hide and seek: Europe's disunity and weak parliament are working against transparency

Europe is equally facing a transparency problem in its decision-making process. This is closely related to the EU's democratic failure described above. In the absence of a powerful European Parliament capable of representing and protecting the interests of its constituents, knowledge of the exact functioning and political work of the European institutions will remain low among the general population.

Not only does the current disinterest lead to misunderstandings and myths that are happily exploited by Europe's far-right leaders, but it also contributes to a lack of what can be called accountability. For instance, few European are aware that the current head of the umbrella party that unites social democratic parties from across the continent is Sergei Stanishev. The former prime minister of Bulgaria is a highly controversial figure and presided over one of the most corrupt regimes in the EU's history. It seems highly unlikely that the party would have chosen someone with his reputation had there been more public scrutiny ahead of his election to the post.

This is not the only, but maybe one of the most striking examples of how little attention the European press and European voters seem to pay when it comes to the intricacies of political culture and practice in Brussels.

In addition, because the European Commission is incapable of creating binding policy without the support from the EU Member States, it often has no choice but to overlook some of the more unpleasant traits of Member States' leaders when this is in the interest of finding a consensus on important (or what the Commission perceives to be important) policy goals.

Yet another example as to how Europe's current political model hampers transparency are the TTIP negotiations. Up until now no trade negotiation of the European Union has been deemed to be important enough to illicit large-scale public scrutiny. With the potential creation of the world's largest Free Trade Area under a future TTIP agreement, the EU finds itself in a radically different situation. Rather than the European Commission being able to conduct its negotiations in secrecy, a number of leaks, political digressions and the ensuing public outcry have led to all of Europe's political class playing a game of hide and seek. Rather than allowing for true transparency as to what Europe's expected benefits out of such a potential deal with the United States would be, it has come to be increasingly difficult to grasp the political process behind TTIP with the haphazard attempts to provide more transparency that have been put in place.

It is important for Europeans to understand why their executive has undertaken to negotiate such an agreement; however, the current system does neither do justice to Europe's citizens' right to information, nor to their right for its executive to function efficiently and to negotiate on their behalf. Under the current system it is ultimately every Member State's parliament that is responsible for agreeing to the deal, leading to blame-shifting across national borders for specific negotiation positions that became apparent with various leaks. At the same time, Europe's negotiation position is weakened considerably by the fact that all of its preferences and disagreements are dissected in front of the US negotiators' eyes, hence weakening Europe's negotiation position overall.

Increasing transparency in absence of giving further legitimacy to the European level hence works counter the ultimate objective of any such attempt. It is only by providing the European Parliament with the power to mandate the European executive for negotiations and to ratify the outcome that a true debate on Europe's best interest in trade negotiations can occur.

The case could equally be illustrated by using the example of Europe's attempts to regulate multinational corporations such as Google, who have become experts at playing European nation states and their respective regulators against each other. Similar to Europe's TTIP problems, mere transparency would not help to resolve the core issue.

Efficiency is not the issue. Europe needs effective governance

The claim that the EU's system is not efficient is actually quite laughable. One of the reasons this claim comes up repeatedly is because the general public vastly overestimates the resources at its disposal. Member States collectively only spend little more than one percent of their GDP on the EU, and the EU itself has no means to increase revenue on its own as it lacks the power to levy taxes. At the same time, the size of the public sector accounts to total expenditures of between 40

to 55 percent of their GDP. These numbers hardly support the fantasy of a mighty bureaucracy that is capable of squashing states' interests.

What is true however is that the EU's current model is not effective, and the lack of financial resources is precisely the reason why. In absence of a common unemployment insurance all attempts to manage the continent's workforce efficiently must fail. It also means that important automatic transfers between Member States that would safeguard the single currency are not in place. Lacking a common army, it furthermore becomes pointless to devise a military strategy that is meant to ensure the safety of all Europeans.

At the same time diverging national interests continue to hamper the formulation of joint policy responses. For this, Europe's failure to collectively react to the refugee crisis has become a case in point.

Furthermore, the structural problems and the continent's inability to give itself the kind of political structure that would enable efficient and effective governance has also lead to severe imbalances within the European Union itself. Despite the fact that no country can respond to Europe's problems on its own, national sovereignty continues as the chief organising principle of Europe's political system. Given the nature of this system the EU does not deserve to be called a Union, it should be called the European Confederation. The failure to realise this has led to a dangerous situation in which mainly Germany is expected to make up for the structural deficiencies. This in turn cannot work, because in the cases where Germany does decide to fill this role, it does so in a manner that follows the very same rationality of statist interests that have caused the problems in the first place.

Over many centuries European politics was shaped by an ever continuing struggle over Germany. Sometimes Germany was too weak, as was the case during the Thirty Years' War, when foreign armies ravaged its territories. Sometimes it was too strong. This was the case from the second half of the nineteenth century onwards, when a Germany, caught in nationalistic delusion, engaged Europe and the entire world in a struggle that left a continent in ruins and brought death and destruction to peoples and countries far beyond its borders. There has seldom been a time in history when the contest over the lands, the rich resources and the huge population of the central European space has not haunted Europe. With the creation of the EU it became possible – for the very first time – to contain Germany. Almost simultaneously the Germans themselves changed the memories of the horrors of two World Wars forever branded into their collective memory. The structural problem of Germany's size and its geographic position within Europe, however, has not been solved. It continues to potentially position Germany against its fellow European nation states. France is of course the first country that comes to mind. Historians shudder at the prospect of the dire consequences we would all face if the close ties between both former enemies were ever allowed to be loosened.

A divided confederal Europe will not be able to positively integrate Germany, nor will Germany be able or willing to take responsibility for the continent's problems as a whole. The continuation of a Europe without effective joint European governance, in short, is a deeply disturbing one.

Democracy, transparency, efficiency: it's all or nothing for Europe

The trouble with reforms ever since the inception of the European Union's predecessors is that they tend to take a lot of time and only react to new realities, rather than anticipating them. All attempts to reform the Union have followed the same gradualist approach. Today finding consensus among 28 heads of state is an arduous task and therefore policymakers have arrived at the consensus that for all matters European it is best to continue with a strategy of tiny steps.

This, however, is doomed to fail if the ultimate goal is to make European politics more transparent, efficient and democratic.

Given the carefully calibrated nature of political power sharing and partially shared sovereignty in Europe today, we have arrived at a situation reminiscent of the famous song by Frank Sinatra;

when it comes to democracy, transparency, and efficiency we can't have one, we can't have none, we can't have one without the other!

Consider for a minute what would happen should Europe continue with its gradualist fallacy and decide that tackling all of the above-mentioned issues at the same time is impossible.

If one only aims to tackle the democratic deficit by giving the European Parliament the power to introduce legislation, for instance, then nothing would change. Absent giving more powers to the European level and introducing proper budgetary powers for the European Parliament there would be no way to actually translate its legislative initiative into political action. This would only create further frustration amongst Europe's population: instead of elevating the European Parliament into a position of actual power it would now become even easier to blame it for the dismal situation Europe and Europeans find themselves in. Solving procedures without also shifting the balance of political power and giving the Parliament the ability to translate democratic deliberation into political action, could hence be highly counter-productive.

The same can be argued for the introduction of transparency into the system without changing any of the other two variables. At the moment much of the effectiveness of the European system relies precisely on the absence of transparency. Legislation that emanates from the EU's bureaucracy is often very specific and does not have to stand up to much public scrutiny. While this situation is of course less than ideal from the perspective of democratic theory, the current *modus operandi* has enabled the European institutions to regulate Europe's single market without some of the publically played out back-and-forth of domestic political systems. In areas as diverse as product quality standards, workers' protection to environmental legislation, progress could be reached without a lengthy debate as Member States could claim that they had to implement these measures originating at the European, rather than national level, hence elevating European standards further than would have otherwise been the case.

Despite the apparent flaws of this system, such as a potential to over-regulate or micromanage issues better left to a lower level of governance, it has worked quite well overall. Nevertheless, introducing further transparency into this system will have no effect whatsoever as the issues that are being decided on remain far too removed from the interests of most Europeans. This would in turn give even more space to lobbyists who would now know exactly where to target their activities. As long as central political issues such as taxation, foreign policy, social policy and education are not decided at the European level, there will not be sufficient momentum for true public scrutiny. Echoes of discussions going on within today's Brussels Bubble seldom reach one of Europe's segregated civil societies and almost never inspire cross-border conversations. The reason for this cannot be found in the failure to construct a united European civil society as many argue. Civil society cannot be constructed artificially. Rather it grows out of common interests, common ideas and a common frame of reference. For this to occur people from different national, cultural and social backgrounds have to care about the same kind of things at the same point in time. The problem with the EU's institutions today is that they simply cannot decide on anything that average Europeans sufficiently care about.

The Anglo American experience - a model for Europe

When the English and the Scots joined forces in 1707 to end hundreds of years of military, diplomatic and economic rivalry, the aim of the Anglo-Scottish Union was twofold. Firstly, to unite the two states, in order to give England the opportunity to better defend itself against pressures on its northern border. Secondly, to better mobilise joint resources that were being wasted in competition, both commercial and colonial. During the War of the Spanish Succession against Bourbon France these considerations came to fruition.

Through the resulting Act of Union, Scotland gave up its separate foreign and security policy and in return gained generous representation at Westminster. Furthermore, it retained its legal and educational system. Common interests, including a shared disdain for the Catholic Church that wielded considerable power on the mainland, held together a Union that evolved into Great Britain and continues to punch above its natural weight in the world ever since.

In the late eighteenth century a comparable process led to the creation of the United States of America. Many scholars of the history of the American Union assume that the US evolved in isolation from Europe. In fact, its foundational figures very carefully studied European history and were clear about which model they should follow.

Before they met in Philadelphia in 1787 in order to agree on a constitution, they had found themselves in a situation not unlike the one the EU finds itself in today.

After the war with Britain had ended, the newly independent colonies had to face a range of challenges. Their biggest problem was the absence of a functioning executive. Congress had no authority to levy taxes and there was no budget for national projects. All of the former colonies had come out of the war with huge debts, and many were unable to pay them back. Furthermore, all of its international treaties had to be signed by each and every one of the states, a situation somewhat comparable to that of Europe today. The United States furthermore lacked a navy to address the piracy that threatened their merchant ships after they had lost the protection of the Royal Navy.

The constitutional system that they had built solely to fight the war against the British was hence unsuited to deal with other challenges. There was even a real possibility that the Union could break apart or succumb to Civil War.

So the Americans began to look for alternatives. When they considered the ‘federal system’ of the ‘Germanic empire’, a system not unlike the legal giant that is the European Union, they found it to be ‘a nerveless body, incapable of regulating its own members, insecure against external dangers, and agitated with unceasing fermentations in its own bowels’.²

The only European precedent which found any favour among the American Patriots was the Anglo-Scottish Union of 1707 and the constitution agreed at Philadelphia showed what the US had learned from previous European experiences. Like the Act of Union of 1707 its preamble stated as its main objective to ‘form a more perfect union’.

While there were many differences regarding how the political system was ultimately set up, the two main components that had ensured British success were included: firstly, a strong executive was established in the shape of a presidency, giving the President power to carry out foreign policy and conclude treaties, subject to ratification by the Senate. Secondly, state debt was eventually consolidated into a single national debt backed by the Union Government. Matters of concern to the entire Union, a concept that was yet to fully develop, were from now on to be decided on the newly created national level.

In history successful unions have resulted not from gradualist processes or legalistic procedures. They have come about through defining events in times of extreme crisis. Progress towards the formation of states with new political structures is usually caused by *events*, rather than *processes*. Europe needs such an event now. Much like the Philadelphia convention didn’t reinvent the wheel as to how to form a federation; Europe does not have to do so either. After all, with more than two hundred years of federal practice, it is possible to analyse the costs and benefits of the United States’ constitutional model and to create an adapted European one based on the outcomes.

² James Madison and Alexander Hamilton, Federalist Paper no. 19, 8.12.1787.

How to get there?

While the need for a new EU and the model that could be followed hence appears clear, the question remains as to how this can come about. Given the current sceptical climate of Europe's population that has already been mentioned, any attempt to forge a coalition for a new Europe will not be an easy effort.

The first element to consider is how to communicate the need for such a new Union. Here it will become readily apparent that for no one but an idealistic few will this be a marriage of love. Rather, any kind of message on a new Europe will have to be based on the fact that the need for it is merely a grim reality.

We hence need to do away with the universal wisdom that politicians utter at every possible occasion, namely that Europe is a peace project that has kept war from happening on the continent since the end of World War II and ultimately won the EU a Nobel Prize. While this may still strike a chord with Europe's older population, the prospect of a war between the likes of Germany and France seems too far removed to warrant any kind of serious consideration today.

Rather, we need to ensure that Europeans across the continent who live very different realities at the moment are aware of the different benefits that a new Europe would bring to them. Much like the population of the original states that formed the United States of America had very different reasons for joining the Union – ranging from a fear of pirates in the seaboard states, to a safeguard against Spanish expansionism in the South – Europeans will see very different benefits from a newly formed Union in Europe. It is hence essential that it is made clear to the average Greek that the basic right of democratic expression today can only be fulfilled at the European level within a fully democratic EU parliament. Latvians on the other hand need to understand that it is only a European army that can guarantee for their safety, which in turn necessitates the appropriate structures to command it at the European level. The list of such individual reasons for a truly united Europe can be extended and will look somewhat different depending on which Europeans are being addressed. The key point that remains, however, is to create a symphony of messages that will make it apparent to Europeans that they all stand to benefit from a united Europe.

At the same time, the fears of Europe's population ought to be addressed. It needs to be made very clear that rather than dismantling people's own identity, Europe would complement it and help diversity survive. After all, what the European Union is already striving for is to create 'unity in diversity'.

Given the diversity of Europeans it will also become readily apparent that a coalition to build this future Europe cannot emerge on one side of the political spectrum only. Rather, promoting this idea will necessitate uniting Europeans as different as an anti-capitalist protester in Madrid, who is afraid that Europe has abandoned its social conscience, with the manager of a German medium-sized company who is worried about the prospect of his or her exports in case the common currency falls apart.

The argument here needs to be clear: even when at present political contestation along those lines occurs at the national level, the discernible impact of any kind of decision made will remain negligible in absence of decisions made at the continental scale. In short, what needs to be communicated about a future Union in Europe is that it will not pre-empt political contestation, but rather re-create the space for it. A constitution for such a Europe will not prescribe the economic or social model that the Union will have to follow, but rather provide the foundation upon which those models can be recreated. Once again, the example of the United States can reassure us that its constitutional model has allowed for radically different economic and social models across time, and something similar would occur in the European context.

In a nutshell, building a coalition for a true European Union will give the discontented youths across Europe's periphery a new goal of political participation to strive for, while it will challenge

European corporations who already transcend our political boundaries for the benefits that this has brought to them.

Building such a coalition will be a tedious and sometimes counterintuitive task. Nevertheless building a more democratic, transparent and efficient Europe is the only option we have. In absence of such efforts 'less Europe' is not an alternative, but rather a bleak outlook for a continent left behind.