

**“Democracy and Diversity
In the European Union”**

Speech

by former Prime Minister of Greece

Costas Simitis

At

The Bilgi University Istanbul

On March 23, 2009 at 18:00

Democracy and Diversity in the European Union

The subject of democracy and diversity has been discussed repeatedly. Some see it primarily in terms of the treatment of migrants faced with xenophobia and racism. Others examine the coexistence within the population of different groups with different customs and religions, the integration of foreigners, nationality issues, as well as the problem of terrorism and how to control it. It is commonly held that Europe, especially social Europe, must accept diversity.

I will address another issue that also concerns democracy and diversity. It is the question of what form the relation between the supranational and the national should take within the Union in order to preserve diversity while also pursuing the common objectives of the peoples of Europe. How can a balance be struck between the necessary common framework of the Union's objectives and actions and the preservation and protection of diversity?

The texts of the Union's earlier treaties and of the New Constitutional Treaty are based on the premise that unity within the Union guarantees diversity. The peoples of Europe are united though different. Articles 2 and 3 of the New Treaty lay down the conditions for unity. These are adherence to shared values, the promotion of peace and the well-being of the Union's peoples. Also actions in the areas of common policies, freedom, security and justice, the internal market, sustainable development based on balanced economic growth, and peace and security. Articles 4 and

3 refer to diversity – the obligation to respect cultural and linguistic diversity, and the equality of member states and national identities. Article 5 contains general rules for achieving a balance between unity and diversity: “The limits of Union competences are governed by the principle of conferral. The use of the Union competences is governed by the principles of subsidiarity and proportionality”. And Article 8 makes it clear that “Citizenship of Union shall be additional to national citizenship and shall not replace it”. This shows that the EU is a political structure with a multinational dimension. Collective interests, however, are defined with the approval of the member-states; hence the interests of the nation states remain predominant. It is they that determine the boundary line that the Union must not cross if diversity is to be safeguarded. That line is guaranteed by the community model, intergovernmental co-operation, and the development of the Union through successive transfers of national sovereignty arrived at by mutual agreement.

Nevertheless, the dividing line between the supranational and the national, between unity and diversity, is not clear. This is evident from the history of the New Treaty. It is also evident from the rejection of the Draft Constitutional Treaty, the change of its name to the New Treaty (Lisbon Treaty) and from the unprecedented number of amendments, derogations and opt-outs, a result of numerous objections, national ambitions and fears concerning the co-existence of 27 states. None of that would have happened if there had not been doubts, conflicting views and disputes over how to aim for unity and defend diversity. The view that the community model permits transnational integration and the

transcendence of cultural differences without denying them is not confirmed in practice. Experience has shown that inter-governmental co-operation is an inflexible framework.

This situation harbors dangers. New social and economic problems such as the energy crisis, as well as global developments such as the rise of the Asian economies, lead to greater tensions due to the specificities of member-states, conflicting interests and different cultural approaches. This increases the likelihood of clashes that may have the effect of paralysing the Union. These differences must be overcome. Diversity makes it imperative that unity be continually renewed and expanded within the Union. This unity cannot be achieved solely by further developments in electoral procedures, such as the election of the Commission President by the European Parliament. Other approaches are also required. The current economic crisis is a good example in order to understand the problems involved.

At least twice during the present economic crisis, the European Union has attempted to solve the problems facing the all member states by means of a uniform solution. On the first occasion, a summit meeting decided on a plan of action to rescue banks that had collapsed. On the second occasion, the summit reached a decision to deal with the recession in Europe by a 200-billion-euro program to support economic activity by the member states.

Both decisions adhered to the principle that the member states will adapt the guide lines of the summit as necessary to the particular conditions in each country. However, similar actions reinforce the

effectiveness of the common framework only if a common governance exists. But no common governance was instituted. As the prime ministers themselves noted, a common set of tools was created, from which each country can choose the tools it requires.

There was heated criticism, especially of the second decision to support economic activity. Critics did not object to its content, which they considered satisfactory, but to the procedure that was chosen. They believed that assigning the choice of measures and the amount of expenditure to the states would result in the plan not being implemented to the extent and in the manner needed to deal with the recession. The European Commission might propose, but each state would dispose independently, whereas there should be common action, co-ordinated by a single center.

While this criticism does point out real shortcomings, it overlooks the restrictions that determine the Union's actions. Through its institutions, the Union centrally manages only 2 percent of the member states' total public expenditure. The funds that it has at its disposal do not permit the Union – unlike the United States of America – to take initiatives that have a decisive effect on developments. The critics also overlook the fact that economic circumstances differ considerably from one country to another. The countries in the South have large budget deficits, while those in the North have large surpluses. These differences present an obstacle to uniform policy. They also impede various attempts to come up with an outcome that is satisfactory overall. This reduces the possibilities of achieving the eurozone's main objective, that of

economic convergence. These shortcomings confirm the need of economic governance and a single center of economic policy.

It would of course be unreasonable to expect the Commission to amend the Union's operating rules without any preparation. But it may be noted that the Union's mode of operation is not suited to dealing with economic problems and that it needs re-evaluation. The Commission's conclusion, that "Europe will act in a united, strong, rapid and decisive manner to avoid a recessionary spiral and sustain economic activity and employment," shows that the member states are aware of the need for concerted action, but are not yet willing to create the requisite institutional conditions. But preaching is no substitute for action.

The latest developments concerning the economic crisis in Europe pinpoint three crucial issues. The response to each of them will shape policy and decide if both the countries in the Union and the Union overall will acquire the means to react effectively to global economic developments. The first issue concerns the relation of the national state to its international environment and the extent to which it is able to map out a policy that has an impact on events.

The state is no longer the sole framework within which economic and social relations are formed. These relations are also determined – in some cases very forcefully – by developments that transcend national borders, and have an impact across a far broader area than that of a single geopolitical region. The most recent example is the crisis concerning sub-prime mortgages in

the USA, which shifted to Europe and Asia. That crisis has disrupted all the financial markets in the world.

This phenomenon is connected with globalization, which does not abolish the national state, but co-exists with it, creating within it a new environment, setting it new targets and transforming its functions. It achieves all that, not by replacing it with another entity, but by creating new structures in which the national state participates: that is, by establishing new networks in which states interact and function together, and where the dividing line between the supra-national and the national becomes unclear. During the crisis, for instance, the U.S. Federal Reserve Bank has repeatedly co-operated with the European Central Bank and other central banks on channelling money into markets outside the US, so as to avert a liquidity problem that might deepen the crisis. Individual specificities continue to exist in this new reality created by globalization but they do not possess the absolute importance they once did: they co-exist and interact with the rules of globalization.

Hence, when discussing any country, we must direct our attention to its connection with the international environment, the problems that arise from that connection and the new actions that it demands. For example, it would be unreasonable if a state that is a member of the European Union and co-operates with its policies ignored the fact that EMU interest rates are set by the ECB and tried to set a special rate for its own economy. It would also be unreasonable if it ignored the EU Charter of Fundamental Rights and the case law of the European Court of Human Rights, and insisted on treating minorities in a manner that defied the

commonly accepted rules. And it would be equally unjustifiable for an EU member-state to take no action on the crisis and not to strive for the Union to acquire the means it needs to protect us from negative developments. In these circumstances, therefore, the success of national policy depends all the more on how it reacts to the web of relations to which the country belongs, its ability to manage that web, and also its will to shape it in such a way as to solve problems that it cannot tackle alone.

Thus, if the response to the international crisis can be given by the Union alone and not by the member states – the question is (and this is the second crucial issue), whether the present level of unification procedures that is the web of relations of European states allows us to face a crisis such as the current one. The answer that emerges from the foregoing analysis is clear: the institutions and policies of the Union do provide help, but they are not sufficient. In order to handle the matters that the crisis has brought to light, we need 'more' Europe. Dealing with international crises demands strong, effective economic governance.

A typical example of the problems that have arisen is the matter of dealing with the euro as an international reserve currency in competition with the dollar. The strength of the euro points that indeed the Union wishes the euro to be an international reserve currency. The reserves of many countries outside EMU are already invested in euros. The Union expects that the use of the euro as a reserve currency will contribute to its stability. However, in order to produce results, such a development must have political support, and in any case it will depend on the economic policy

implemented by the Union. Without economic governance, the course of the project will not be stable and consistent. Without a centralized diplomatic effort the eurozone will not be able attract capital from developing countries in order to boost investment in Europe. But the majority of member states do not want restrictions on national autonomy in the field of economic policy. Without progress towards economic convergence, however, EMU will not have the desired stability and international acceptance. It will not possess the ideas and means to deal with international developments, have a voice in international dialogue, or play a part in shaping the desired state of things.

The current international crisis is again a good example. Financial markets in countries such as the USA are not regulated, while in others, such as European countries, they are regulated. The crisis began in an unregulated area, but spread to regulated areas due to close ties among financial institutions and the fact that financial products from the unregulated area are readily available in all markets. The interventions now being undertaken, in the USA or the Union, in order to restore the markets to health, will not bear fruit if markets remain fragmented and are regulated by different rules. The strict rules that are to be decided must apply at a global level. This means that, in the international negotiations that will inevitably eventuate, European countries must be of the same opinion, adopt a common stance and act decisively.

The third issue concerns how to secure economic governance, or at least take some steps toward unification that will facilitate efforts for stability, competitiveness and development. It is necessary at

this point to make a general remark. A commonly accepted idea is that the Union must be organized as a nation state in order to achieve an efficient governance.

The rules that were formulated to make democracy function in the national state cannot be applied in the same way to a supranational Union of states where there are for greater differences between citizens and the extent of the Union is by much greater than the territory of each individual state. The change in scale is such that it alters the conditions for workable solutions. The simple transfer of a solution from the level of the nation state to the level of transnational co-operation without the creation of support and implementation mechanisms adapted to transnational reality will not bring about the desired results. Besides, many contemporary issues, such as globalisation, demand wider actions than those that can be taken at the national level.

The transfer of responsibilities from the national state to a supranational body, with the change in the territorial scale of power and the obligatory quest for new ways of exercising policy and governance, entail an indefinite period of institutional realignment and social and political tensions. It also means that, since co-operation among European states keeps acquiring new forms with their own constantly changing rules because established constitutional and political formulae do not suit current events, the outcome will be something new.

Consequently, attempts to create democracy by a top-down process will not succeed. Likewise, it is exceedingly doubtful whether it is possible to create a European identity solely by means of formulating an ideology and promoting it through advertising.

Experience has shown that the future evolution of the Union will be marked by the retreat of individual states and the emergence of centralised power in Brussels. The lever for this process will continue to be the Union's central bureaucracy, the mechanism that foregrounds and formulates the common interests of the member states. Its field of action will be determined by loose inter-governmental collaboration agreements that are made periodically. This new centre will generate its own autonomy. The more responsibilities it acquires, the more independent it will become.

EU bureaucracy and inter-governmental collaboration see technocratic issues as the responsibility of administrative mechanisms and the territory of experts. The prime concern for EU employees is to find compromises to meet the wishes of the member states, and of often divergent and contradictory national preferences. De-politicisation is seen to be advisable because it allows for the easy achievement of balances. This stance, however, does not favour public dialogue.

Bolstering democracy requires emphasising the political dimension, free public debate, the discussion of problems in a forum for political dialogue that is open to all. National forums must make it their concern to discuss common issues and make them

their own. That will ensure information for all, transparency, control and accountability. A European public forum is the way to reduce the democratic deficit. Such a forum has not yet been created, even though the Union increasingly supplies more information and its actions impinge on far more issues that affect the public. It could not be created because the preconditions do not exist for broad public participation in political procedures.

The creation of this forum is the task of forces that want a strong, democratic Europe. They must pursue it systematically and discuss the Union's issues in all countries at the same time so as to formulate common policies. Proposals for such joint action have been made, such as introducing a common electoral system for European parliamentary elections and for the election of the President of the European Commission by the European Parliament.

These proposals have met the strenuous opposition of member states that do not want to go beyond the framework of inter-governmental co-operation and fear any constraints on their own autonomy. But the consolidation of democracy at a supranational level necessitates searching for and exercising new forms of co-operation that respond to the new conditions of post-national reality.

Democratic governance arose in nation states when a political community was formed on their territory through public debate. This made people aware of their common interests and how to defend them. Thus, in the Union too, public mobilisation for

common projects can help build acceptable institutions and democratic processes at the supranational level. It will ensure new forms of democratic governance in the post-national world.

Instituting public debate on European policy throughout the Union will also help clarify the aims of the unification project and determine the institutional shape of Europe. Public debate makes the problems and issues that are at stake comprehensible. It can contribute significantly to clarifying which aspects of diversity need protection and in what ways that can be achieved. Public debate is a motivating force for uniting expectations and perceptions at the European level, for making common interests apparent and shaping a collective identity beyond the borders of the member states – a European political community, a European demos.

The solutions that arise from the Lisbon Treaty will sometimes prove viable and sometimes evolve, like those of former treaties. Under pressure from socio-economic change, the Union will continue to seek new forms of organization, combining the inter-governmental and federal approaches. There is little time left for new quests and balances as the dimensions of the problems grow and their management requires solid and durable forms of co-operation. The need to adapt the operation of the European Central Bank to a policy of development for Europe as laid out by the Ecofin Council is already apparent. The Union will thus gradually acquire its definitive shape on the basis of the ongoing problems it has to handle. EMU is evidence of that.

Economic and Monetary Union is an example of how settling an important problem, that of the common currency, entails a broader awareness of issues related to the currency, of public discussion and debate about them. The question of whether the euro contributes to inflation, whether its high value puts European exports at risk, and whether interest rates set by the European Central Bank have facilitated house purchases, are issues familiar to the European public and have an effect on its stance. This goes to show that a forum for public debate automatically emerges when specific issues of concern to the public become topical and urgent.

That example also shows that progress towards a more democratic, more united Europe, whose people are aware of the issues it must face, will not derive from grand, unrealistic plans for the future, but from specific solutions for broader common issues. Already EMU and the Schengen Agreement, and now the common foreign policy and defence policy that are being mapped out, have shaped the European structure and defined ways in which to respect and transcend particular identities. They ensure union in diversity, gradually reducing the number of intra-state agreements while also creating a focus of interest and discussion for citizens in more countries. Joint actions lead to broader means of cooperation and experience of the balance that must be struck between efforts for diversity and for unity, a balance that will not be the same in every sector. Such joint actions, consciously fostered by the Union, will gradually weave a unifying web that carries the integration project even further towards completion. Seen in that light, enhanced cooperation can be a step forward and a means of

exerting pressure on the Union to expand common endeavours into new sectors.

The picture that emerges will be more complex than the structure of a nation state. The more complex it is, the harder it will be for people to understand, and it will not provide the direct connection to power that exists in smaller state entities. But that also applies to other contemporary socioeconomic problems. Their complexity makes them seem obscure to the public, as power relations today become more complex, less direct and visible. The new forms of supranational organization will not resemble their predecessors. And, provided that their complexity promotes the fullest and most effective democracy, it will also ensure a greater degree of diversity.

To sum up: the preservation and protection of diversity is connected with the progress of the unification process and the deepening of democracy. The relation of the supranational to the national can be shaped creatively as long as it is linked to a joint effort to tackle the problems of the peoples of Europe.

European unification will proceed with the gradual creation of broader forms of co-operation of different types in various areas of policy. They will constitute a network, at the hub of which is the core of states that participate in all of them. In this way it will be possible, under the umbrella that covers all the member states, to adapt various levels of unity and diversity, case by case, while continually expanding co-operation. What is important is to ensure in this way that the Union functions to the best of its ability.