

# *The Future of Europe: Between Federalism and the Nation State*

Union of European Federalists

Federalist Weekend 2015

Session I - Panel discussion

## **Models and Options for the Future**

Madrid

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## **The old debate about democratic deficit is back**

- A debate -revived after Nice but seemingly died after the Convention- which is about the political ‘finalité’ of the EU
- Which ‘finalité’?:
  - a) An intergovernmental organization (not necessarily democratic) controlled by nation states?
  - b) A federal super-state in the making with member states doomed to hollowing-out?
  - c) A hybrid? A unique complex system of multi-level governance?
- ‘Democratic deficit’ necessarily results from the ambiguous nature of the EU and the lack of a European polity.

## **And squaring the circle will not be easy**

"I don't call for a super state, but for a democratic federation of nation states that can tackle our common problems, through the sharing of sovereignty in a way that each country and its citizens are better equipped to control their own destiny,"

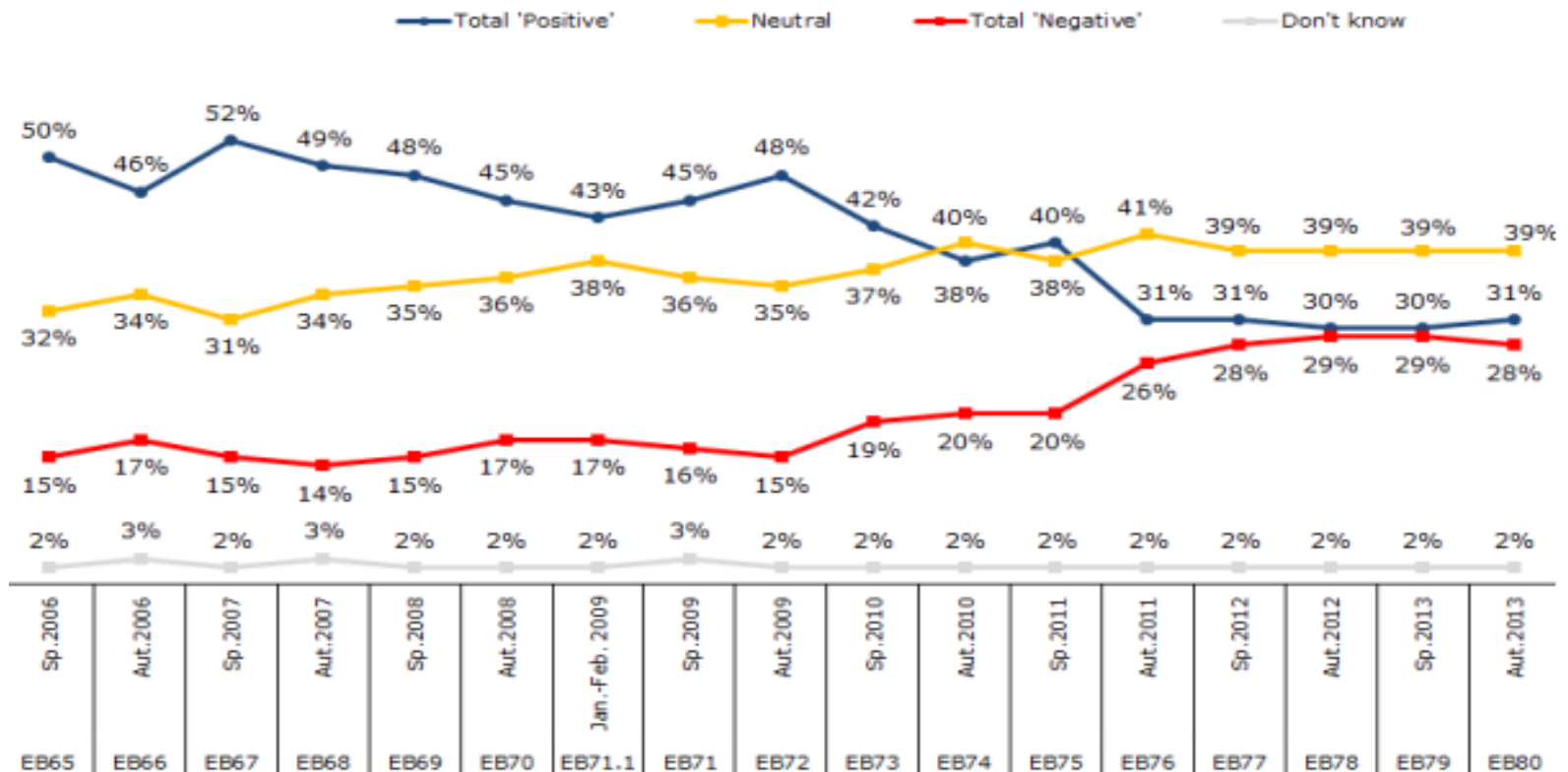
J.M. Durão Barroso  
(State of EU speech 2012)

## **Democratic deficit and Eurozone crisis**

- The chronic problem has become more acute with the crisis:
  - a) An obvious loss of sovereignty of member states (reinforced fiscal, banking and economic pillars in the new EMU mean centralisation of decisions at EU level)
  - b) ... and citizens seek to realize their political desires through the democratic political system (thus, need of a reinforced political pillar at EU level)

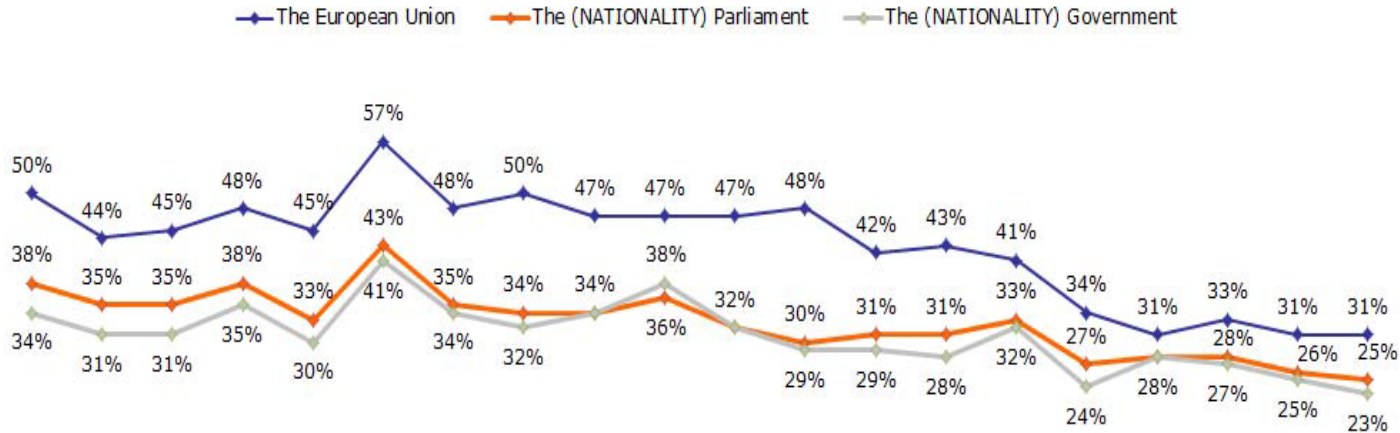
# EU's falling image

QA11. In general, does the EU conjure up for you a very positive, fairly positive, neutral, fairly negative or very negative image? - %EU



# Falling institutional trust is a general pattern

QA10. I would like to ask you a question about how much trust you have in certain institutions.  
For each of the following institutions, please tell me if you tend to trust it or tend not to trust it.  
- Tend to trust - %EU



Aut. 2004	EB62
Sp. 2005	EB63
Aut. 2005	EB64
Sp. 2006	EB65
Aut. 2006	EB66
Sp. 2007	EB67
Aut. 2007	EB68
Sp. 2008	EB69
Aut. 2008	EB70
Jan.-Feb. 2009	EB71.1
Sp. 2009	EB71
Aut. 2009	EB72
Sp. 2010	EB73
Aut. 2010	EB74
Sp. 2011	EB75
Aut. 2011	EB76
Sp. 2012	EB77
Aut. 2012	EB78
Sp. 2013	EB79
Aut. 2013	EB80

## Democratic deficit hits both the creditor and debtor MS

- People in creditor member states have perceived their reduced capacity to control the decision-making (“TINA” and, subsequently, too much solidarity)
- Eurosceptic populism is a widespread phenomenon in all creditor MS (data show latest polls)
  - a) Finland (15.5%) (PS got 19.1% in last election 2011)
  - b) Netherlands (16%) (PVV got 10.1% in last election 2012)
  - c) Germany (6%) (AfD got 4.7% in last election 2013)
  - d) Austria (27%) (FPÖ got 20.5% in last election 2013)

## European Integration between Federalism and the Nation State: Models and Options for the Future

Ignacio Molina

- But much more decline in debtor than in creditor countries.
- People in debtor member states have perceived their incapacity to shape the decision-making during the crisis (“TINA” and, subsequently, too much austerity).

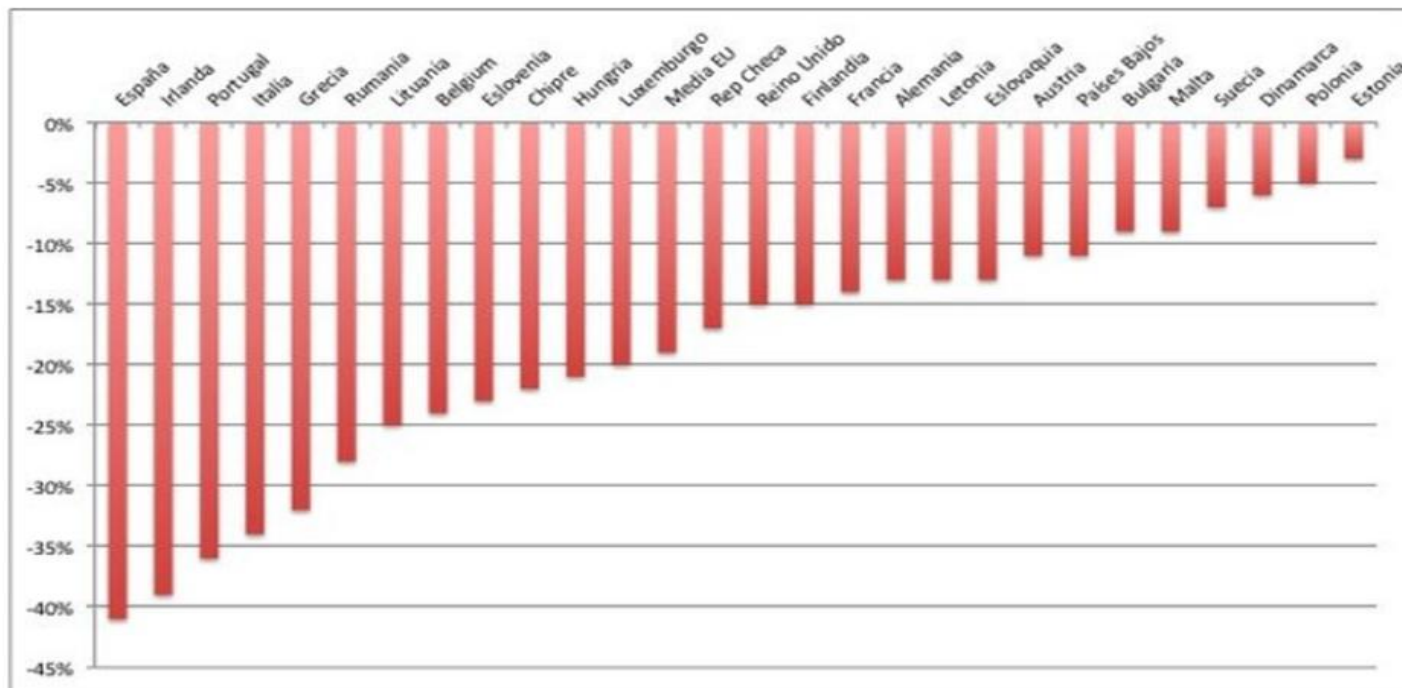
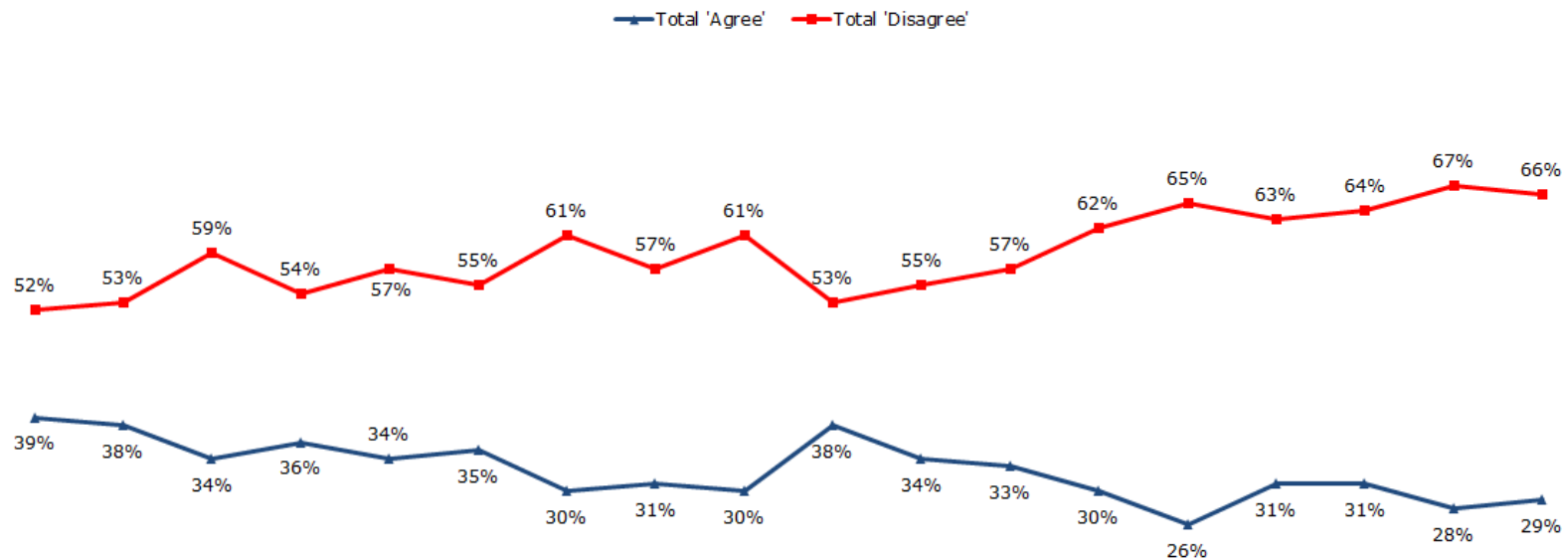


Gráfico 1: Caída en imagen positiva de la Unión Europea (2004-2012)



# Falling empowerment

QA19a.3. Please tell me to what extent you agree or disagree with each of the following statements.  
My voice counts in the EU - %EU

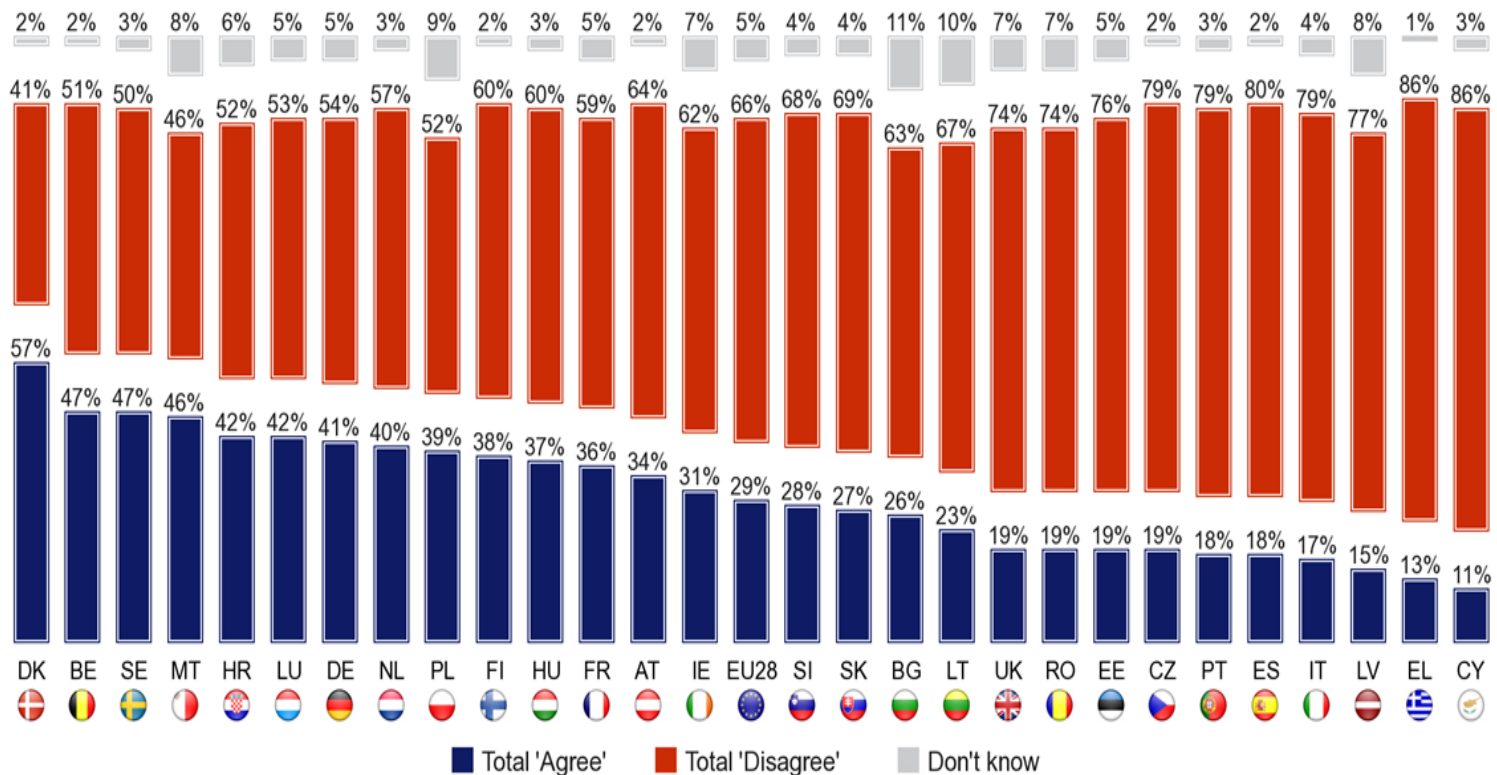


Aut.2004	Sp.2005	Aut.2005	Sp.2006	Aut.2006	Sp.2007	Aut.2007	Sp.2008	Aut.2008	Sp.2009	Sp.2010	Aut.2010	Sp.2011	Aut.2011	Sp.2012	Aut.2012	Sp.2013	Aut.2013
EB62	EB63	EB64	EB65	EB66	EB67	EB68	EB69	EB70	EB71	EB73	EB74	EB75	EB76	EB77	EB78	EB79	EB80

# Diverging Empowerment

QA19a.3. Please tell me to what extent you agree or disagree with each of the following statements.

My voice counts in the EU



## **A more separated European Union**

- Thus, the crisis, despite the various measures taken or rather because of them (methods and conditionality of bailouts) drives to a more separated and less democratic EU in four dimensions:
  - a) Ins  $\neq$  Outs (UK and other non-euro members)
  - b) Creditors  $\neq$  Debtors within the Eurozone
  - c) Citizens  $\neq$  Elites (perceived as technocratic)
  - d) Common Institutions  $\neq$  National institutions defending the sovereignty
- Determination to hold the Eurozone together, repeatedly reaffirmed, is not enough to balance the centrifugal forces

## **Where are we now regarding regaining legitimacy?**

- EP has accumulated power over time to improve democratic accountability but increasing its powers does not solve the lack of a polity, and likely to increase legitimacy problems
- Several challenges of public perception and reaction of national parliaments (lack of real unifying moment)

## **Which path should be followed?**

1. Increase accountability where legitimacy exists: at the state level, with more power to national parliaments.
2. Strengthening the accountability at the EU level, shifting to a federal polity with a bicameral legislative of EP + Council and an elected Commission (Westerwelle's Group).
3. Or combinations:
  - a) Euro summits with heads of the state or government accountable to national parliaments (French position)
  - b) Reinforced Commission (rules) but giving a more active role to the national parliaments (German position)
  - c) 'Sui generis' federalism controlled by new committees of national MPs (J.C. Piris or Padoa-Schioppa Group)

## **The risks of reinforcing national parliaments**

- Democracy is not just accountability (input-oriented democracy) or government “by the people” ... but also responsiveness (output-oriented democracy) or government “for the people” → common good or prosperity
- Fragmenting accountability into national parliaments will reinforce the inputs coming from creditors (policy shapers or even veto players), further eroding power of debtors (policy-takers)
- Thus resulting in inequality among member states, worse outputs for debtors and perhaps even for creditors.

## **Status quo is impossible but how to reform the Treaty?**

- Any change has to be negotiated and ratified unanimously against general mistrust, limited willingness to transfer powers and declining credibility of the EU among citizens.
- And which option is less risky?:
  - a) Deepen integration in incremental steps and, in some cases (Dutch or British exercises) even re-nationalising specific competences) or
  - b) Spelling out the longer-term project of genuine political integration with full democratic accountability (Spain)
- Both will imply significant risk leaders will have to calculate as the crisis continues to press for action.

## **Some possible solutions without reforming the Treaty**

- A stronger Commission (more democratic election of the President since 2014) with a reduced size, although limits to its politicization.
- A more “European” and self restricted European Council
- A Council more oriented towards co-legislation (bicameral system)
- A reinforced EP wisely linked with the national parliaments in those policy areas in which the competences are shared (structural reforms).



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