Remapping democracy in the EU in light of the financial crisis

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Paper prepared for:

Enhancing democracy pre and post EU enlargement

Challenges and its effects on EU enlargement

Karl Renner Institut, Vienna, 8-10 November 2013, Vienna

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Perceptions of representative democracy

Democracy is one of those contested concepts in politics that bears many definitions and is perceived differently in different political, social and economic contexts. Defining democracy in one way or another is a vain task, especially as societies develop and new events come into play that change our perceptions of representation, transparency, accountability, institutional design and government responsibility.

The main concern in political science is how democracies come about, what impact the institutional engineering has on the outlook of a democratic regime and what rules bind the wider system of governance. According to an old definition by Schumpeter 'The democratic method is that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of competitive struggle for the people's vote' (Schumpeter, 1947). That definition is of procedural nature and refers to the organization of the democratic regime and the ways representation, accountability and legitimacy is assured. Beyond the procedural nature of democracy, modern societies should also be concerned with the goals and effectiveness of the democratic method but also the ways of doing things within a democratic context.

Therefore, we need to differentiate between 'thin' and 'thick' perceptions and definitions of democracy. When we speak of thin definitions of democracy we usually make reference to the presence or absence of electoral rules, in other words whether it is enough to argue that representation comes through elections and maybe a bit more.

It is important however, to move beyond assessing democracy based on a box-ticking exercise and our criteria for this should reflect the ways democracy works on the ground. Hence, thicker definitions of democracy need to be introduced, in other words, go beyond the electoral element and speak about the quality of the democratic output. In this more substantive way, we can argue that a crisis in representative democracy does not only have to do with (lately low) voter turnout in local, regional, national and European elections within the EU member states, but rather with the civic engagement of the citizenry at large in the policy and decision-making processes within the state and the international environment.

What we have come to identify as engagement starts from a loss of political trust by the general public towards formal democratic institutions: the government, the political parties, the political system at large, the processes, the judiciary and other more traditional forms of representation. At the same time we have experienced across the EU an increase in the presence of more grass-roots informal ways of doing things, ways of enhancing representation that have acquired a more institutionalized form within the democratic processes. These include, for example, the development of local community projects for social intervention in deprived areas, the emergence of new social movements that begin to take up some of the roles of the state in a more voluntary way amongst other forms of more direct democratic processes. Thicker perceptions therefore, need to incorporate the provision of constitutional guarantees and controls of the exercise of the executive power, without excluding processes of democratic fermentation from the citizens' base.

In this sense, a mature democracy comprises institutions that guarantee the citizens' ability to formulate their preferences, signify and weigh them. Effectively, these are two sides of the same coin developing in a mature democracy: the role of the *demos*—in other words, the rights and obligations emanating from popular power; and the role of the constitution—in other words, the safeguard of those rights and obligations that forms the cradle of the democratic principle. In an ideal type of democracy, there should be a golden balance between the two roles to enhance the rights and opportunities for citizens and increase actual participation in political life. Essentially, a mature representative democracy ensures incorporation of the citizens; representation of organized interests; and a fully-functional and meaningful opposition.

Questions on representative democracy

The main concern here has been the demise of interest in the existing representative democracy institutions and whether in fact, there is a crisis of representative democracy or the crisis is only an illusion or a intuitive perception. To that degree, there are five main questions to be answered by our political, social and economic elites:

1) Do the trends of increasing right-wing and left-wing populism and extreme nationalism, as well as Euroscepticism truly reflect a crisis of representative democracy?
2) Is the crisis of representative democracy directly linked to the advent of the global financial crisis?
3) What lessons can be drawn from countries like Greece, in terms of tackling such issues for the countries in Europe that still have fragile democracies and unresolved social and ethnic tensions?

4) Does European Union membership guarantee political, economic and social stability?

5) How does the new institutional architecture of the European Union help sustain a momentum for further integration and further enlargement in its effort to increase (a) legitimacy, (b) accountability, (c) transparency and (d) civic engagement and participation in the forums of representative democracy? Can it successfully transfer those values to the new member states on the one hand and the candidate countries on the other or does it need to rethink its strategy?

The objectives of this book are particularly important in this perceived crisis of representative democracy, not simply because we need to question the actual perceptions of this crisis, but also the affective emotions that it creates to the general public, such as fear, hope, anger and pride.

At the same time, the focus of member states governments has shifted due to this perceived crisis. Member states are more interested in tackling the emerging social issues, focusing on economic and social welfare, maintaining disciplined budgets and fostering a domestic dialogue for resolving conflict. In other words, this crisis has led to more inward looking societies across Europe. In turn, this has implications about the European Union's role in global politics and subsequently in the effective leverage towards the democratization and consolidation of democracy at its doorstep, namely Southeast Europe and the near abroad.

This shift of focus tends to jeopardize previous incentives on democratic consolidation in candidate countries, as the Enlargement process has stalled. The development of the crisis in the EU has exposed the many institutional and vision flaws that have turn it from being the only game in town—as was the case for the big bang enlargement countries—to a not so lucrative perspective. This is partly due to the rise of both right and left wing populism and extreme nationalism in certain cases. It is particularly important to promote ways of enhancing the impact of enlargement policy that go beyond the strict transformative power that the enlargement criteria and conditionality carry. The alternative ways should focus more enhancing social solidarity, diversity and equality not only in the candidate countries but also within the current member states. Rhetoric regarding migration influx across the EU from other member states is counter-productive to such efforts and the EU needs to emphasize that the free movement of people is a fundamental principle of the modus operandi within the EU. Hence, European leaders should aim to develop policies narrower in scope and targeted on specific actions and population groups within the candidate countries and the current member states.

Remapping political trust in policy-making

Representative democracy has turned into a negotiation game between the government, public and private stakeholders and the citizens at large. In times of austerity, these negotiations become asymmetric between the three sides since information and compliance is imposed from the government in a top-down fashion (Exadaktylos and Zahariadis, 2014). It is not unusual for governments to make decisions on spending and welfare cuts in a high-handed way without appropriate consultation with the targeted populations involved. When the pie shrinks in a recession, society can be viewed 'as a zero-sum game between conflicting groups' (Rothstein and Uslaner, 2005: 46). It is then that policymaking becomes controversial and implementation of reforms becomes harder since affected parties find little reason to cooperate. That of course, leads to more resistance.

Where political trust has a role to play is as a lubricant in the cooperation between those who decide, the ways forward and the policy targets. This is not to say that cooperation cannot be achieved without trust (e.g., Cook, Hardin and Levi 2005) but it becomes easier. Yet, since political trust underpins all policymaking processes, lower trust decreases the administrative capacity of a government and the ability to track down problem to their roots, leading to further failures. The recent inability of national governments to provide a clear direction for the scope and purpose of reforms usually leads to a blame-shifting strategy that tends to scapegoat the European Union for all evils. Since the financial crisis began, and due to the over-inflation of the problem in some member states by the media, the public discourse has been shaped in such a way that the European Union can be linked to pretty much everything that takes place on the ground on domestic politics.

What conditions build greater political trust in policy-making and how does trust affect policy implementation success? Institutional rational choice theory (Ostrom, 1990) argues that trust will rise through three mechanisms: (a) by increasing information and clarity of goals; (b) through compliance in terms of corrective action and enforcement rules; and (c) through repeated interactions over time that increase reputations and trustworthiness.

Nonetheless, Eurobarometer data in Southeast Europe (and increasingly in Northern Europe) shows an overall decline of trust in political institutions, be they executive, legislative or judiciary.[1] It is interesting to observe that political trust all together diminishes in Greece for government and is (practically) non-existent for political parties in the height of the crisis in 2010. As for the courts,

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[1] Latest Eurobarometer surveys of the Spring wave (no. 79) of 2013 are available on the Eurostat website (http://ec.europa.eu/public_opinion/archives/eb_arch_en.htm. For issues of trust, see national breakdown in Questions 12.1-12.6 of the Annexes.

the exposed failure to implement the law or hold political figures accountable and responsible for the country's predicament can be the reason behind the drop in trust.

In the case of Greece, despite the constant negotiations between social groups and the government, the levels of trust seem to decrease as political agents are captured by the social and professional coteries, and government actors keep changing the rules of the game (i.e. low problem tractability). At the same time, a climate of suspicion exists between social groups and the government leading to the repudiation of the political system and effectively to further non-compliance and implementation failure, as well as 'spiral of cynicism and disillusionment' (Capella and Jamieson 1997) as the state struggled to regain the trust of its citizens.

Certainly the enormity of proposed changes in the case of Greece, following the bailout agreements with the EU and the IMF, have elevated the difficulty of implementation and the unwillingness or inability of government to frame the issues in ways that generate trust lessened its ability to convince target populations that reforms would pay off. Success in policy-making then depends largely (though not exclusively) on the ability of politicians to generate trust by living up to the political consequences of their actions. Even in times of extreme austerity, the norms of protecting 'special' or electorally pivotal social and professional groups persist.

The financial crisis and its depth have pushed certain countries to sign agreement on economic policy conditionality that beyond austerity have paramount social and political implications, including a significant strain on basic functions of the state like health and education. Large sections of these countries populations have been severely disadvantaged and the political dimension of these social problems has found an expression through mass demonstrations and the emergence of populism across the board. Countries like Greece have turned into 'populist democracies' (Pappas, 2013). This concept is instructive to the purposes of this book as it helps understand how populism can penetrate facets of political and social strata and become a master political narrative. 'If populism is the main justification upon which the system rests and crisis opens up political opportunities for smaller actors in the system, then we may expect that a populist master narrative is likely to be observed across the party system' (Vasilopoulou, Halikiopoulou and Exadaktylos, 2014). Populist rhetoric is more likely to be expressed in the form of blame-shifting and exclusivity.

Remapping the role of Europe: have we come full circle?

Across Europe, national governments have repeatedly failed to fulfill their promises in handling citizens' hopes and expectations and become honest brokers among negotiating parties in times of austerity. Moreover, citizens remain unclear as to their share of the burden for the financial crisis in a democratic context. This gap can only be bridged if trust is infused among the citizenry. Without a doubt, this is not a short-term solution but it involves a set of enduring commitments which may not come easy during austerity and in times of social crisis.

Therefore, the question is whether we have we gone far enough into the learning process from this crisis about the future of representative democracy in Europe. My argument here is that we have learned too little too late and the failures of the past couple of years in terms of institutional intervention to safeguard a future collapse within the European Union have not yet been established as the springboard for moving the European project forward. This has of course clear implications on how the EU is perceived in candidate countries and more importantly, how the expansion of the European project to include more members is perceived in incumbent member states. Unfortunately, the criterion of the 'capacity of the Union to absorb new members' has not been clearly defined; and it is perhaps a difficult one to measure and quantify.

The applied remedy to the current crisis, in other words, that of harsh austerity, has potentially played a pivotal role in the perceptions of representative democracy. It has not always produced miraculous progress so far as heralded by its advocates, especially for some of the countries of the South. Interviewing people on the ground in Greece as part of this project has revealed to our team that the crisis has deepened socially and politically, despite some anemic signs of economic recovery. There is a generally accepted time lag between economy and society, but the traumas created this time for representative democracy may take a longer time to heal and have been more painful. Yet, once a country has embarked on the austerity path, there is no way back and also no way out, than keep walking on that path. Any reversal of policies at this stage would be detrimental to the efforts put up by citizens of both more affluent and less affluent societies in Europe and halfway house measures could in fact intensify the effects of recession and prolong economic underperformance leading to the perseverance of social and political trenches.

Nonetheless, member states have got on this pathway of austerity which champions not only severe cuts in the welfare state in a horizontal fashion, but also the implementation of public administration reforms in truly short periods of time. The new reformed institutions that come out of this process are often put together in haste, without any particular consultation mechanisms and

potentially without the right regulatory frameworks for operation. At the same time, these institutions seem to be thoroughly disconnected not only with the reality on the ground at the national level but also horizontally due to intermittent funding across the different policy sectors. An example here is the Greek local government reforms that took place at the same time as the bailout agreements came through. The absence of regulatory framework, institutional continuity and funding has led to serious failures at the national level of the implementation of austerity measures; it has undermined the success of new institutional structures and has raised questions about the legitimacy of those measures.

At the same time, the European Union experiences a similar institutional discontinuity. Leaving aside the original institutional architecture of the single currency as an impaired monetary union without a political and fiscal component, the new institutions and corrective mechanisms that have been put in place at the European level do not seem to be convincing enough. In parallel, the old institutional architecture of the Union has repeatedly stumbled across a number of rigidities in the instrumental competencies of its institutions and in the decision-making processes. Since 2009, the European Union has repeatedly failed to convince markets and citizens alike that there is a solution to the crisis. The general sluggishness on behalf of the Council to agree on certain principles, the sloth of the Eurogroup meetings and involvement of external institutions (such as the IMF, to name but a few of those new institutional players) in the process have placed the citizens of Europe in front of a situation where any effort to understand what is included in every institutional job description becomes an achievement.

This dire combination of institutional chaos at both national and European level has shaken up the political trust of the public, the citizens vis-à-vis the established structures, has brought whole political systems in a halt, social relations into convulsion and the relationship between citizens and the state to a complete overhaul. There are currently no institutions that can infuse a sense of certainty or security to the citizens, the middle classes have pulverized and voters are turning to radicalism, left and right, trying to hold on to a glimpse of hope. The support for radical elements (left and right) in recent electoral contents in the most affected countries but also the rise of stereotypes across Europe and the stigmatization of certain nationalities reveals that people are not afraid of the unknown any more.

Remapping the impact on representative democracy in Europe

There is a strong need to understand the implication of these institutional changes and the persistent low levels of trust and participation in Europe both at

national and supranational levels. The European Union has not truly been able to reconfigure the institutional structures that it has in place and evaluate whether they can still serve the purposes they were created for. It is possible that the EU has gone too far without significant reform of the institutional framework that governs European integration. Nonetheless, the integration framework in place has been adopted with a view of shifting responsibility for failure to future governments and is advocating a short-term consensus only. Instead of tackling the problems head on, the EU demonstrated that it cannot abide a limit but it effectively turns it into a barrier, which it then tries to circumvent.

The final question regards the vision for Europe. In April 2003, the Accession Treaty of the new member states was signed with a strong momentum for the success of incorporate the East and West of Europe in one overarching framework, ending the divisions of across Europe from the Second World War and the Cold War. There was happiness and delight that finally, Europe had managed to bridge some of the gaps across societies.

The outcome of this crisis has been that European integration has now lost its orientation; it has become a lackluster process and lacks vision. Popular discourse suggests that is also lacks leadership. The forbidden word of 'federalism' has been pulled out of the time-capsule, in an effort to remind the political and social elites of what the European integration project was initially about, according to the founding fathers of the Communities. Mainstream political discourses seem to agree that greater integration should be the way forward; new supranational structures should be constructed; and, more monitoring of member-state decisions should come into place. Yet, these discourses are missing the pivotal point of accepting the finality of the project itself. European integration is in a state of trance, where political decisions fall victims of markets and economic governance architectures. Europe is at a stage where its political leaders are afraid of bold moves—not for the sake of saving the European dream, but more due to looming national nightmares and diminishing chances of re-election—and its citizens have lost the fragile notion of a polity that they had started to develop. The federalist vision for Europe is there, but seems to be liminal and occasionally flickers dangerously. And that poses risks about the inclusion of new member states, i.e. further enlargement.

The main challenges ahead for representative democracy in light of the financial crisis remain the appearance of a number of new phenomena across Europe. The breakdown of the established political order in the countries of the South brings in questions about the quality of representative democracy in Europe. The rise of grass-roots movements and the overarching social unrest bring questions about the legitimacy and representativeness of the current institutions and procedures within European representative democratic systems. Finally, the rise of the extreme right and of the radical left, in combination with

the re-emergence of stereotypes highlight an explosive social mix that questions the fundamental principles of democratic representation and European integration.

The EU has learned that the current institutional architecture of European governance falls short of expectations. It has also learned that there is (as it has always been the case) a certain capability gap as to what the European Union can achieve with its current institutional arrangements—the limits have been stretched out and continue to do so to date. The political elites of the EU need to reflect on the ways that the integration project can take off again, representative democracy can be enhanced, and enlargement can regain a certain momentum. Yet, the safe assumption is that Europe has come out of previous crises stronger rather than weaker.

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