



Engineering Practice in the European Union

Lecture No 4.

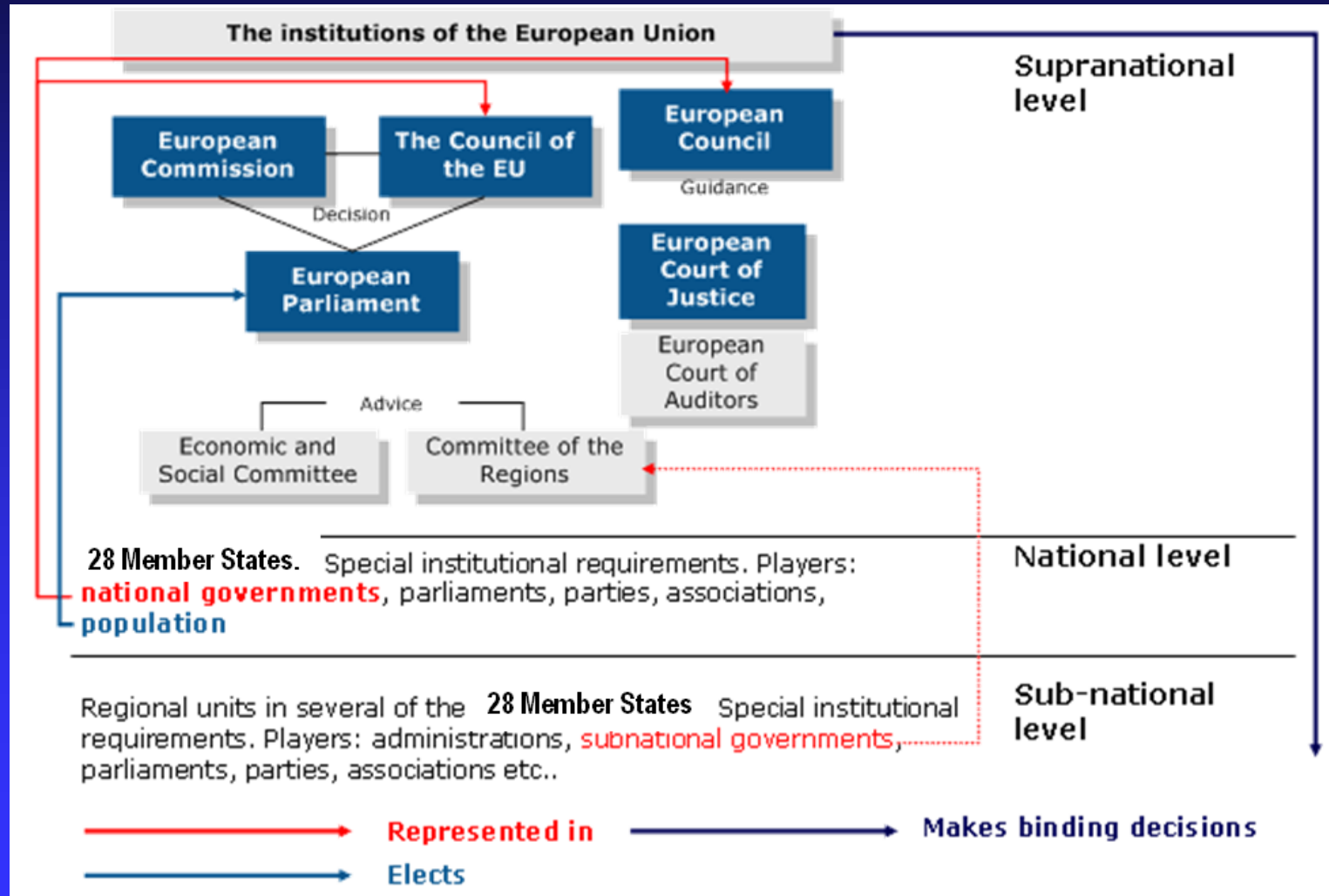
DECISION MAKING

IN THE EUROPEAN UNION AND THE SO-CALLED DEMOCRATIC DEFICIT

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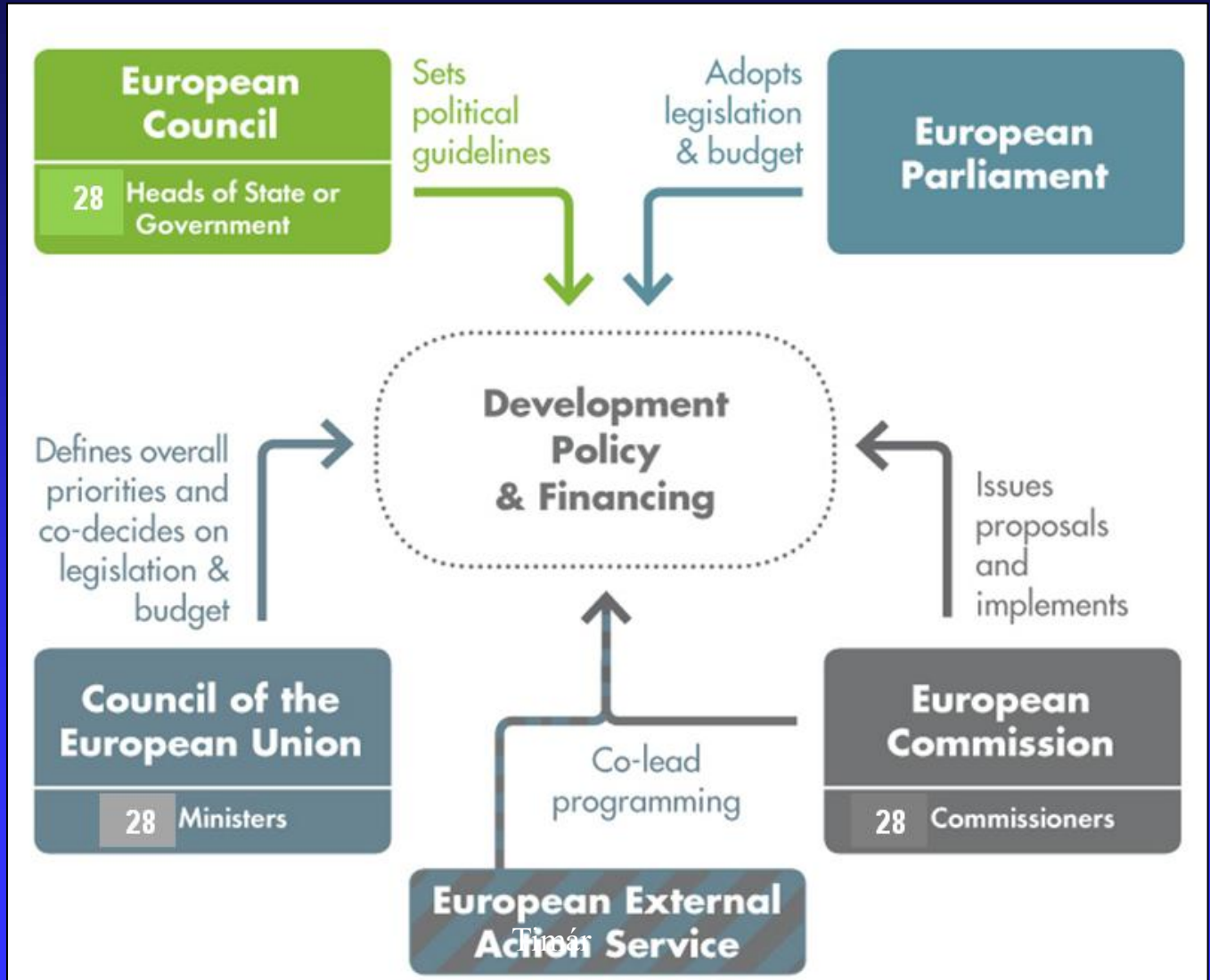
THE EU'S MULTI-LEVEL SYSTEM





DECISION MAKING IN THE EU

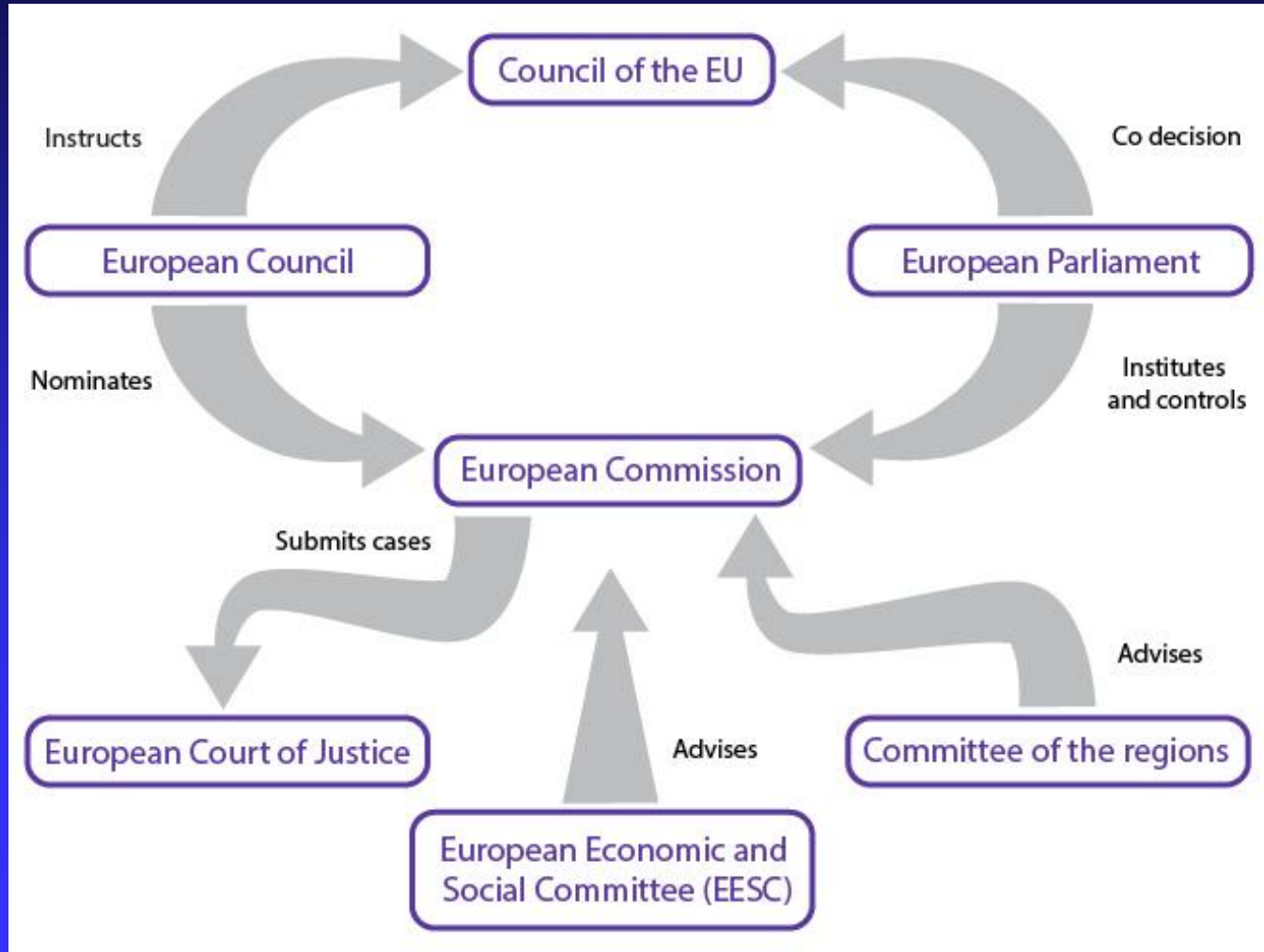
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DECISION MAKING IN THE EU

2





EUROPEAN ECONOMIC AND SOCIAL COMMITTEE (EESC)



- ❖ **Advisory body** representing workers' and employers' organisations and other interest groups, formulating opinions on EU issues to the European Commission, the Council of the EU and the European Parliament, thus acting as *a bridge between the EU's decision-making institutions and EU citizens*
- ❖ Elects presidents for two-and-a-half-year terms
- ❖ Members: 350 from all EU countries
- ❖ Established in: 1957
- ❖ Location: Brussels (Belgium)



WHAT DOES THE EESC DO?

- ❖ **It gives the interest groups a formal say on EU legislative proposals; its 3 key tasks are to:**
 - ❖ **ensure that EU policy and law are geared to economic and social conditions, by seeking a consensus that serves the common good**
 - ❖ **promote a participatory EU by giving workers' and employers' organisations and other interest groups a voice and securing dialogue with them**
 - ❖ **promote the values of European integration, and advance the cause of participatory democracy and civil society organisations**



COMMITTEE OF THE REGIONS (CoR) 1



- ❖ **Advisory body composed of locally and regionally elected representatives coming from all 28 Member States to share their opinion on EU legislation that directly impact regions and cities**
- ❖ **Elects presidents for two-and-a-half-year terms**
- ❖ **Members: 350 from all EU countries**
- ❖ **Established in: 1994**
- ❖ **Location: Brussels (Belgium)**



COMMITTEE OF THE REGIONS (CoR) 2



**Seat of the Committee of the Regions
& the European Economic and Social
Committee: the Jacques Delors
Building in Brussels, Belgium**



WHAT DOES THE CoR DO?

- ❖ Gives regions and cities a *formal say* in EU law-making ensuring that the position and needs of regional and local authorities are respected
- ❖ *Must be consulted* when legislation is prepared on matters concerning local and regional government (health, education, employment, social policy, economic & social cohesion, transport, energy and climate change)
- ❖ If this is not done, the CoR can bring a case before the Court of Justice
- ❖ Once the CoR receives a legislative proposal, it prepares and adopts an opinion and circulates it the relevant EU institutions
- ❖ The CoR also issues opinions on its own initiative



EU'S

DEMOCRATIC DEFICIT

1

- ❖ A *democratic deficit* (or democracy deficit) occurs when ostensibly democratic organizations or institutions fall short of fulfilling what are believed to be the *principles of democracy* in their practices or operation where representative and linked parliamentary integrity becomes widely discussed
- ❖ The concept of a democratic deficit within the EU is the idea that its *governance* in some way lacks *democratic legitimacy*
- ❖ The term was initially used to criticise the *transfer of legislative powers* from national governments to the Council of ministers of the EU



CONCEPT OF DEMOCRACY

- ❖ The ancient Greek word *democracy* means “rule by the people”
- ❖ Democracy requires that each individual be free to participate in the political community’s self-government, thus *political freedom* lies at the heart of the concept of democracy
- ❖ The concept of modern democracy has three principal parts: “*democratic governance*”, “*constitutionalism*” and “*freedom*” - each must exist in a political system for it to be considered as being a *genuine* democracy



PRINCIPLES:

1. DEMOCRATIC GOVERNANCE *a*

- ❖ Popular sovereignty - the people are the ultimate authority and the source of the authority of government
- ❖ Majority rule is a means for organizing government and deciding public issues; it is not another road to oppression
- ❖ Minorities – whether as a result of ethnic background, religious belief, geographic location, income level, or simply as the losers in elections or political debate – enjoy guaranteed basic human rights that no government, and no majority, elected or not, should remove: the political equality of all citizens is to be safeguarded and guaranteed



PRINCIPLES:

1. DEMOCRATIC GOVERNANCE *b*

- ❖ Powers of government are based upon the consent of the governed (the people must have practical means of de-termining who shall exercise political power on their be-half; monitor & influence officials' behavior while in office)
- ❖ Free, fair, and sufficiently frequent elections
- ❖ As overseers of government, the people must have alternative sources of information (no single source, especially an official government source, is sufficient; freedom of the printed and electronic press is secured)
- ❖ Civilian control and authority over the military



PRINCIPLES:

2. CONSTITUTIONALISM

- ❖ The people gives power to government to protect their fundamental rights, interests, and welfare; therefore they limit government power by authoritative fundamental laws called “constitutions” (including human rights)
- ❖ Constitutions are the means used to state what powers government shall have; as a practical matter government is *limited both in what it does and how it acts*;
- ❖ The law applies to everyone, including those who govern (*no one is above the law*) and the *rule of law* is a primary element of constitutionalism
- ❖ The *independent* judiciary has the power of *judicial review* (including annulation of laws) in order to enforce constitutionalism



PRINCIPLES:

3. FREEDOM

- ❖ Moral primacy (freedom, equality, and dignity) of the individual and that all persons have certain *fundamental rights* recognized and respected, secured by law
- ❖ *Examples of fundamental rights:*
 - ❖ Freedom of religion/conscience - the right to practice any religion or none
 - ❖ Freedom of individual expression - orally, in writing, and symbolically
 - ❖ Right to privacy and to a private sphere of life free from governmental interference
 - ❖ Right to freedom of association in public and private



EU'S

DEMOCRATIC DEFICIT

2

- ❖ The EU's democratic deficit has been called a 'structural democratic deficit', in that it is inherent in the construction of the EU as a supranational union that is *neither* a pure intergovernmental organisation, *nor* a true federal state
- ❖ Aiming to counterbalance this inherent democratic deficit, continuous efforts are made to enlarge as much as possible the scope of stakeholders (individuals and organisations) involved in *preparation of decisions* related to *legal acts*



EU'S DEMOCRATIC DEFICIT 3

- ❖ European Union has long suffered from a lack of legitimacy, but the euro crisis has worsened the problem
- ❖ EU's institutions are geographically distant, hard to understand and often deal with obscure technicalities
- ❖ Political institutions gain legitimacy from either *outputs*, or *inputs*:
 - ❖ the outputs are the benefits that institutions are seen to deliver
 - ❖ the inputs are the elections through which those exercising power are held to account



EU'S

DEMOCRATIC DEFICIT

4

- ❖ **Outputs are hardly impressive nowadays: due to recent crisis economic growth is weak across much of Europe and unemployment remains high**
- ❖ **For many citizens, it isn't evident that either the EU as a tool for international cooperation & integration, or the euro are delivering a great deal in terms of benefits (improving living standards)**
- ❖ **Given the complexity of decision-making, with power shared among many institutions, lines of accountability in the EU have never been clear**
- ❖ **In recent years, the European public has developed a markedly sharper distaste for the EU**



HOW TO REDUCE EU'S DEMOCRATIC DEFICIT? 1

- ❖ **Governance should be made more representative of the European people and flow from the public will (e.g. by increasing the role and involvement of national parliaments and MPs – „red card”)**
- ❖ **People should be able to hold the EU to account: citizens should reward or punish good or bad behaviour and the performance of those who make decisions**
- ❖ **There should be clear channels of engagement, at the ballot box and beyond: a democratic system's efficacy can therefore be measured by the level of participation, engagement and trust in it**



HOW TO REDUCE EU'S DEMOCRATIC DEFICIT?

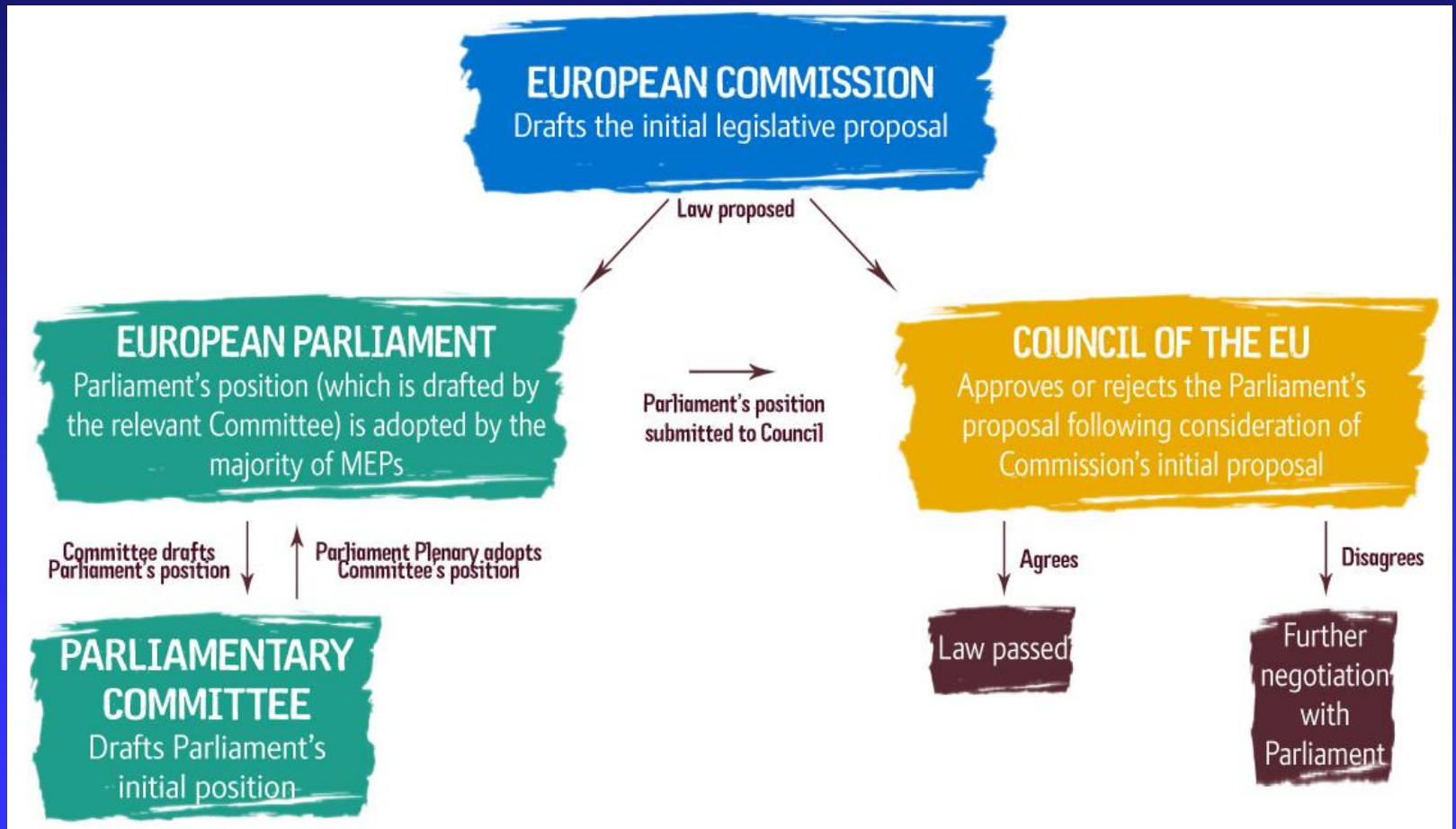
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Improving decision-making by attracting as much stakeholders into preparation as possible and using more detailed impact assessment and supporting tools aiming to increase reliability



HOW EU LEGAL ACTS ARE MADE? 2





DECISION

SUPPORTING TOOLS

1

- ❖ **Impact Assessment should primarily lead to the identification of the economic, social and environmental impacts of decisions related to new legislative initiatives**
- ❖ **Several alternative methodologies are at hand, from which you can choose the most appropriate solution for the problem you are facing**
- ❖ **Such activity must be performed based on the Impact Assessment Guidelines that the Commission Secretariat General has drafted and circulated to its own DGs since 2002, and were revised twice in 2005 and 2009**



DECISION

SUPPORTING TOOLS

2

- ❖ ***Least cost analysis (LCA)*** implies that you only look at costs, in order to select the alternative option that entails the lowest cost
- ❖ ***Cost-effectiveness analysis (CEA)*** entails that you quantify (not monetize) the benefits that would be generated by one Euro of costs imposed on society
- ❖ ***Cost-benefit analysis (CBA)*** entails the monetization of all (or the most important) costs and benefits related to all viable alternatives at hand
- ❖ ***Multi-criteria analysis (MCA)*** allows a comparison of alternative policy options along a set of pre-determined criteria.





DECISION

SUPPORTING TOOLS

3

- ❖ The typical method used to compare options is thus the so-called benefit-cost ratio (BCR), which means dividing the benefits by costs
- ❖ The program/project characterised by the highest BCR should have the best chance to be selected for implementation, but that decision is never an automatic procedure
- ❖ This method is normally used to all expenditure programs, as it leads to identifying the “value for money” of various expenditure programs



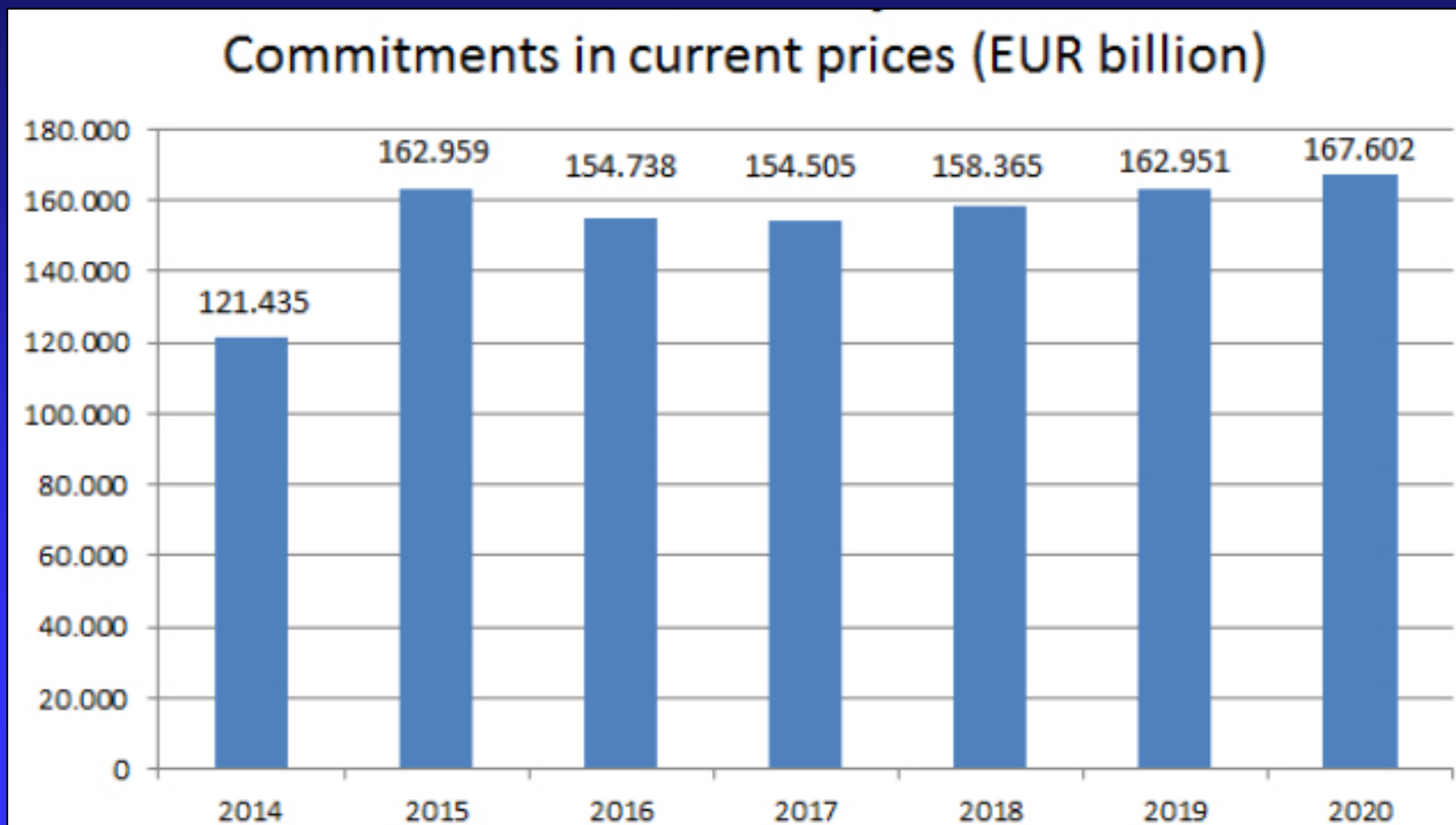
MULTIANNUAL FINANCIAL FRAMEWORK



- ❖ One of the most important decision is the adoption of the Multiannual Financial Framework (MFF - multiannual budget) for a 7 years period
- ❖ Annual budgets are derived and adopted on the base of MFF updated and adjusted yearly
- ❖ The European Union has a budget to pay for policies carried out at European level (such as agriculture, assistance to poorer regions, trans-European networks, research, some overseas development aid) and for its administration, including a parliament, executive branch, and judiciary that are distinct from those of the member states



MFF 2014-2020

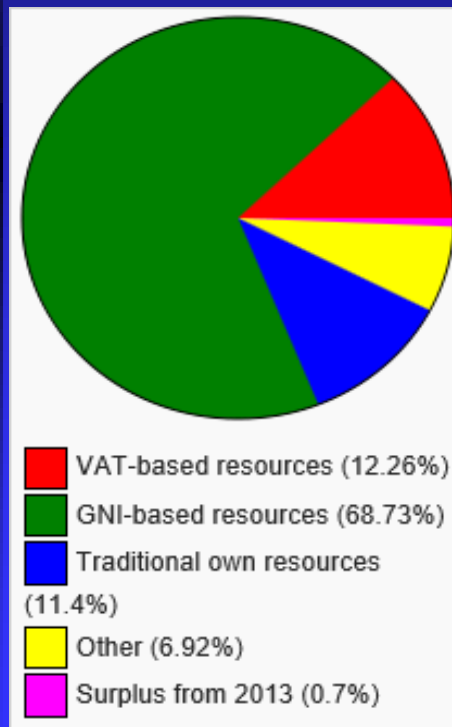




SOURCES OF INCOME

❖ The EU obtains its revenue from four main sources:

EU revenue sources
2014

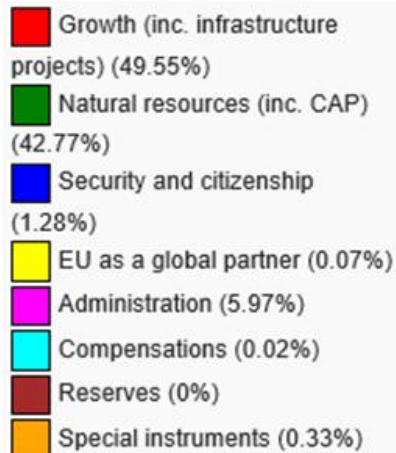
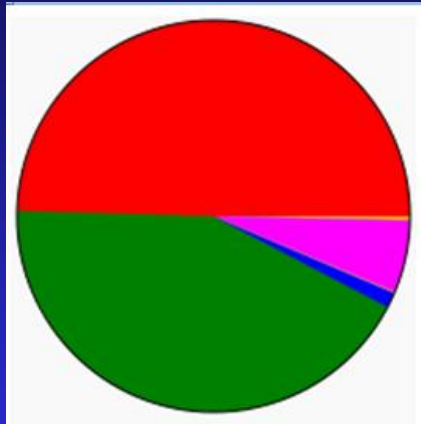


- ❖ Traditional own resources, comprising customs duties on imports from outside the EU and sugar levies
- ❖ VAT-based resources, comprising a percentage (around 0.3%) of each member state's standardised value added tax (VAT) rate
- ❖ GNI-based resources, comprising a percentage (around 0.7 %) of each member state's gross national income (GNI)
- ❖ Other resources, including deductions from EU staff salaries, bank interest, fines and contributions from non-EU countries

❖ The total amount of EU budget is roughly 1% of Member States' GDP



EXPENDITURES



- ❖ For the period 2014-2020, the EU budget is used for six main categories of expenditure:
 - ❖ *Growth* (aimed at enhancing competitiveness for growth and jobs and economic, social and territorial cohesion);
 - ❖ *Natural resources* (covering the common agricultural and common fisheries policies, and rural and environmental measures);
 - ❖ *Security and citizenship* (covering justice, border protection, immigration and asylum, public health, consumer protection and culture);
 - ❖ *Foreign policy* (including development assistance or humanitarian aid outside the EU);
 - ❖ *Administration* (covering all the European institutions, pensions and European schools); and
 - ❖ *Compensations* (temporary payments to Croatia).