



Lecture No 4.

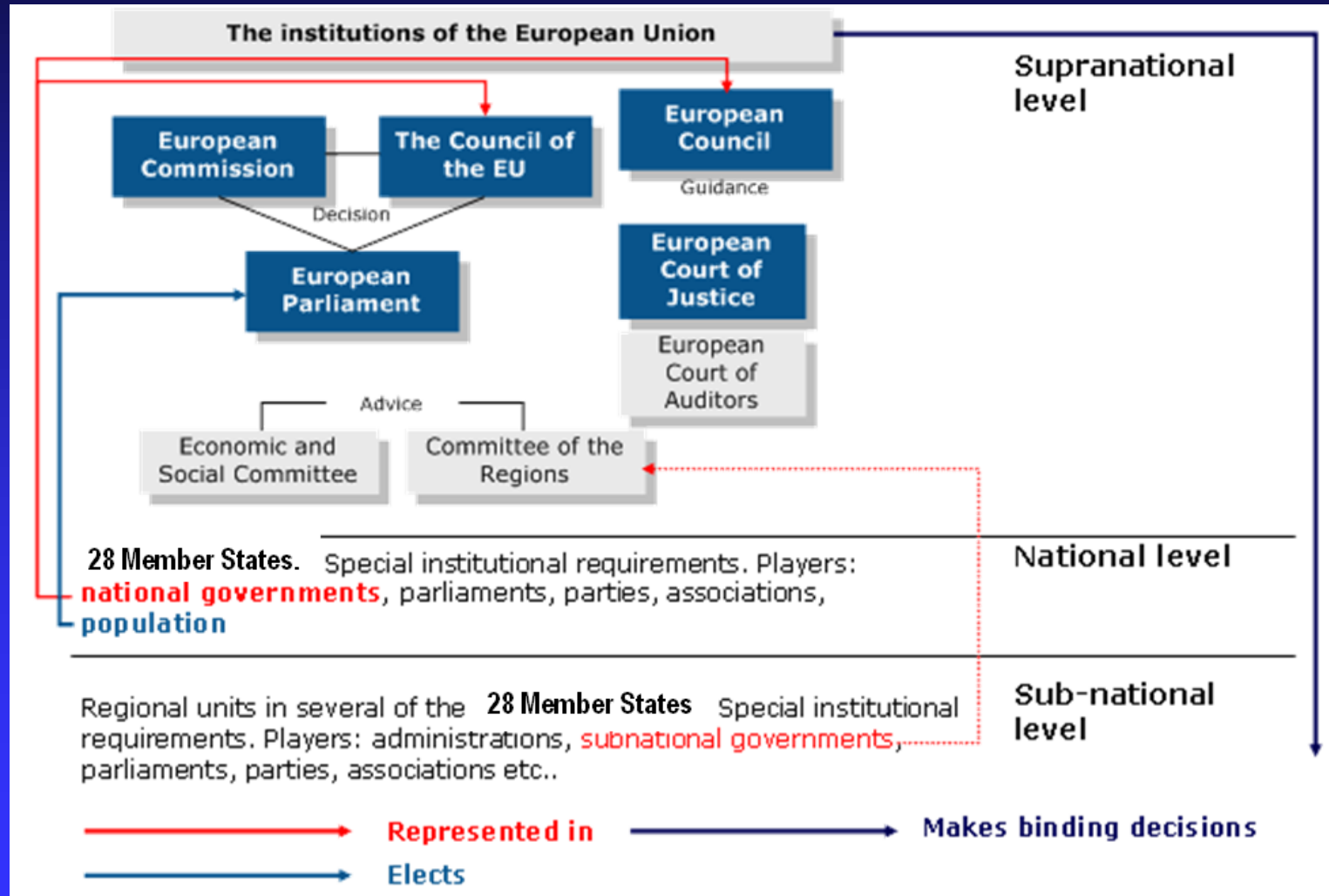
DECISION MAKING

IN THE EUROPEAN UNION AND THE SO-CALLED DEMOCRATIC DEFICIT

Dr. András Timár Professor Emeritus
University of Pécs – Faculty of Engineering & Information Technology



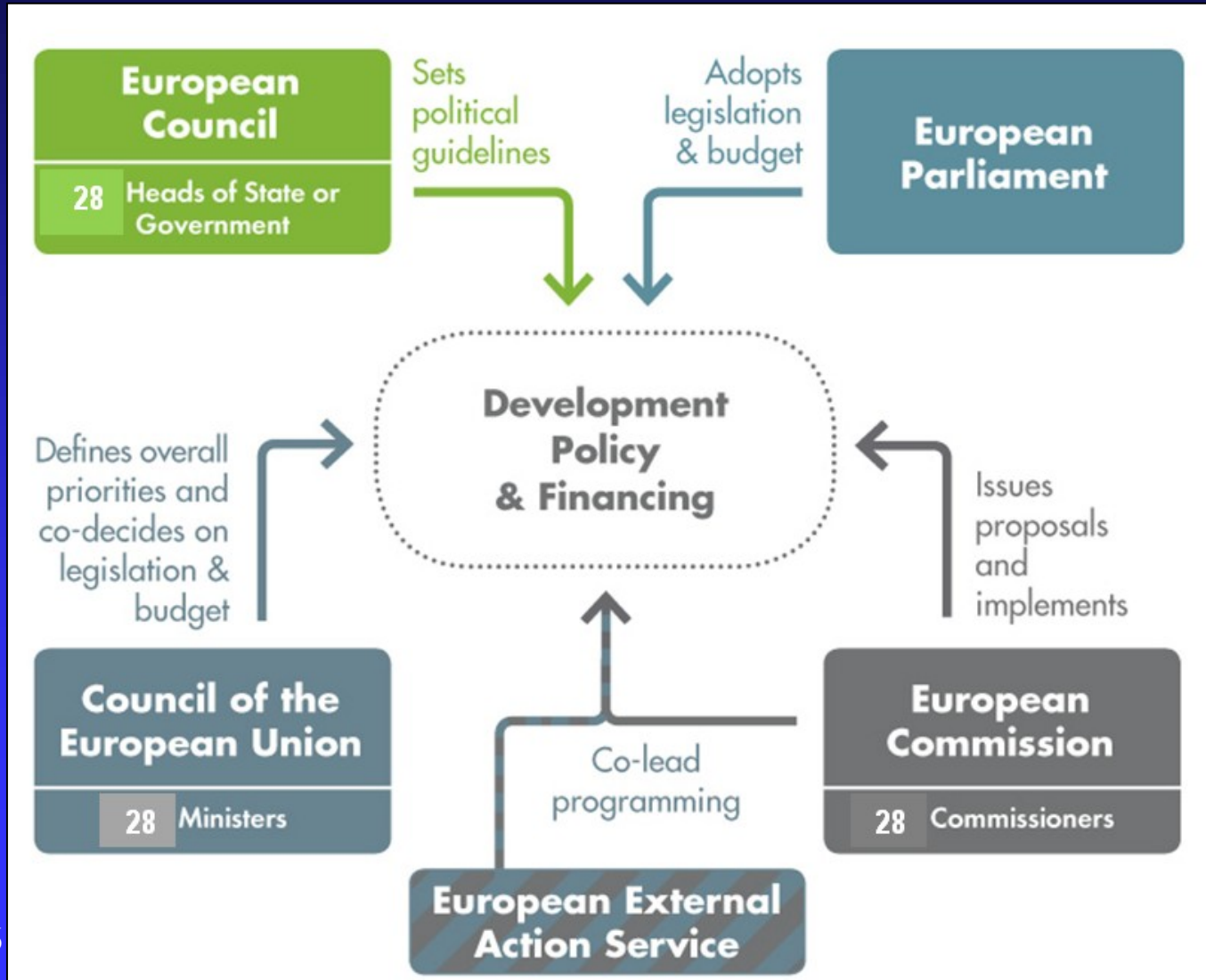
THE EU'S MULTI-LEVEL SYSTEM





DECISION MAKING IN THE EU

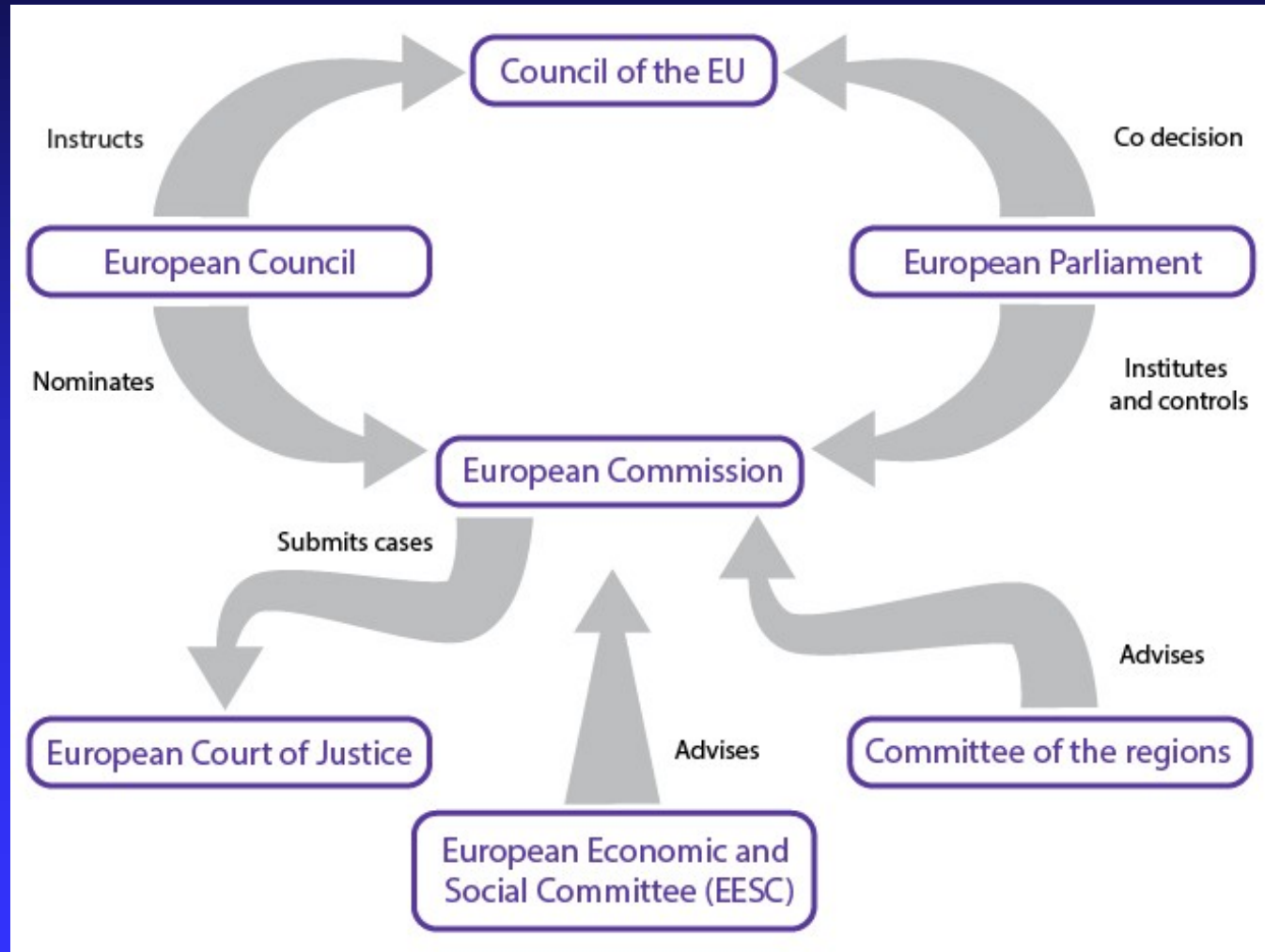
1





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**



COMPOSITION OF EESC 1

- ❖ EESC members represent the *two sides* of industry and social interest groups from across Europe
- ❖ They are *nominated by national governments* and appointed by the Council of the EU for renewable 5-year terms
- ❖ The number of members per country depends on that *country's population*
- ❖ Members belong to *one of 3 groups*:
 - ❖ employers
 - ❖ workers/employees
 - ❖ other interest groups (e.g. farmers, consumers)



COMPOSITION OF EESC

2

Members	States
24	Germany, France, Italy, United Kingdom
21	Poland, Spain
15	Romania
12	Belgium, Bulgaria, Greece, Netherlands, Austria, Portugal, Sweden, Czech Republic, Hungary
9	Denmark, Finland, Ireland, Lithuania, Croatia, Slovakia
7	Latvia, Slovenia
6	Estonia
5	Malta, Luxembourg, Cyprus

- ❖ Meetings are prepared by the EESC's specialised sections and the consultative commission on industrial change
- ❖ The EESC's specialist think-tanks ('*observatories*') and the Europe 2020 steering committee track the progress of EU strategies



HOW DOES THE EESC WORK?

- ❖ Consulted by the European Parliament, the Council of the EU and the European Commission on a variety of subjects; it also *issues opinions* on its own initiative
- ❖ Members work for the EU, *independently of their governments*; they meet 9 times a year
- ❖ Opinions are adopted by a *simple majority* vote
- ❖ Keeps in touch with regional and national economic and social councils throughout the EU - mainly to *share information and discuss particular issues*
- ❖ Holds *arts, youth and other* events to bring the EU and its citizens closer together



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)**



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



COMPOSITION OF CoR

1

- ❖ **Members are elected representatives serving in local or regional authorities**
- ❖ **Each country nominates members of its choice who are appointed for a renewable five-year terms by the Council of the EU**
- ❖ **Members from one country form the National Delegation which reflects the political, geographical, regional and local balance of their country**
- ❖ **Each member can also choose to be part of a political group in the CoR (similarly to the European Parliament)**



COMPOSITION OF CoR

2

State	Members	State	Members	State	Members
 Germany	24	 Belgium	12	 Ireland	9
 United Kingdom	24	 Hungary	12	 Croatia	9
 France	24	 Portugal	12	 Lithuania	9
 Italy	24	 Sweden	12	 Latvia	7
 Spain	21	 Bulgaria	12	 Slovenia	7
 Poland	21	 Austria	12	 Estonia	6
 Romania	15	 Slovakia	9	 Cyprus	5
 Netherlands	12	 Denmark	9	 Luxembourg	5
 Greece	12	 Finland	9	 Malta	5
 Czech Republic	12				
Total					350



HOW DOES THE CoR WORK?

- ❖ Appoints a rapporteur (one of its members) who consults stakeholders and prepares the opinion
- ❖ The text is discussed and adopted by the CoR commission in charge of the policy area concerned
- ❖ The opinion is then presented to all members in plenary session who vote to amend and adopt it
- ❖ Finally, the opinion is shared and communicated to all relevant EU institutions
- ❖ There are up to 6 plenary sessions per year, adopting opinions that cover 50 to 80 EU legislative projects



COMMITTEE OF THE REGIONS (CoR) 2



Timár, 2016



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



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



CHURCHILL'S QUOTE

- ❖ „Many forms of Government have been tried, and will be tried in this world of sin and woe. No one pretends that democracy is perfect or all-wise. Indeed, it has been said that democracy is the worst form of Government except all those other forms that have been tried from time to time.”



Sir Winston Leonard Spencer Churchill (1874–1965)

Speech, House of Commons, November 11, 1947



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 annulment 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?

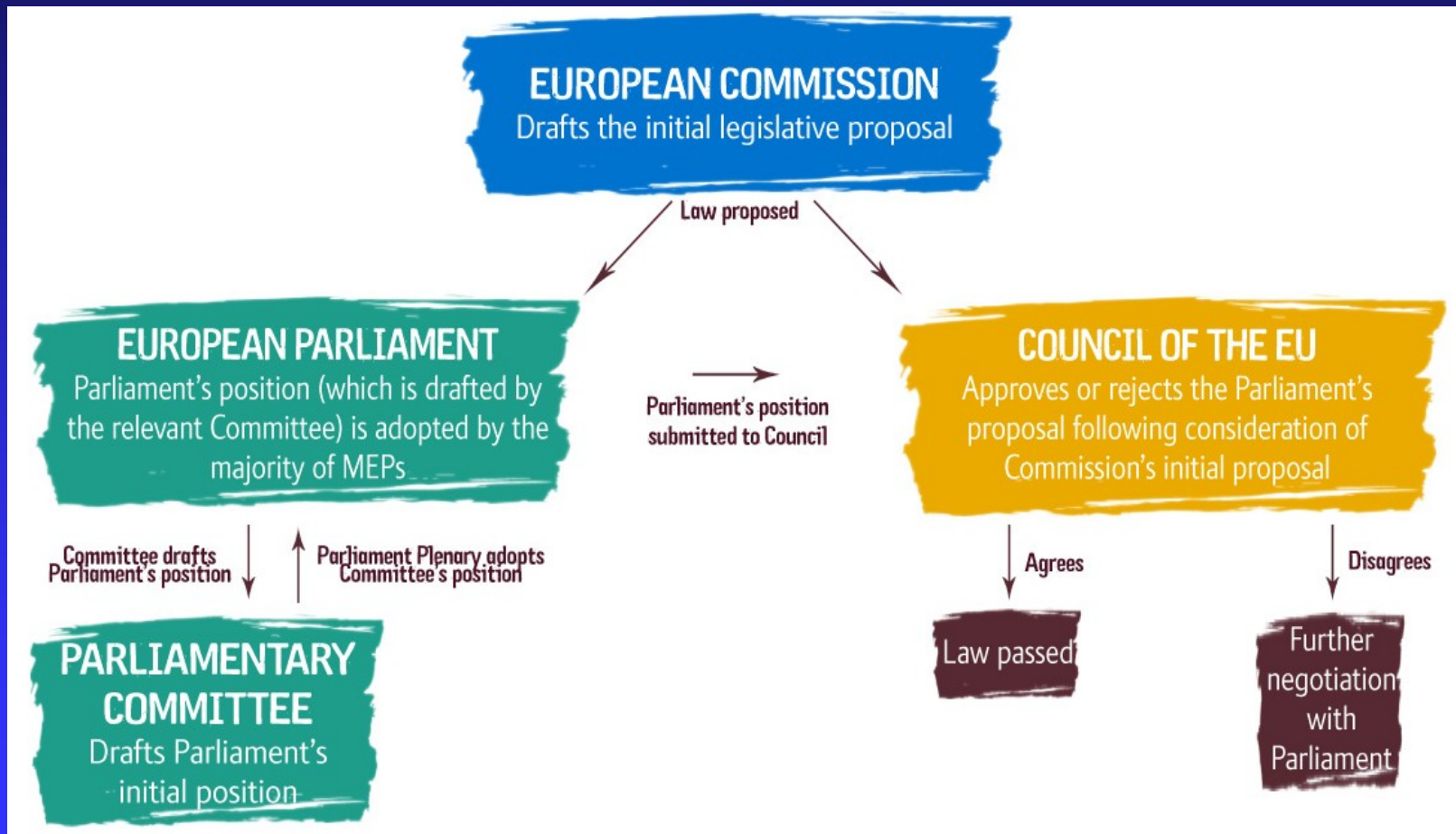
2



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





THE LIFE CYCLE OF AN EU RULE

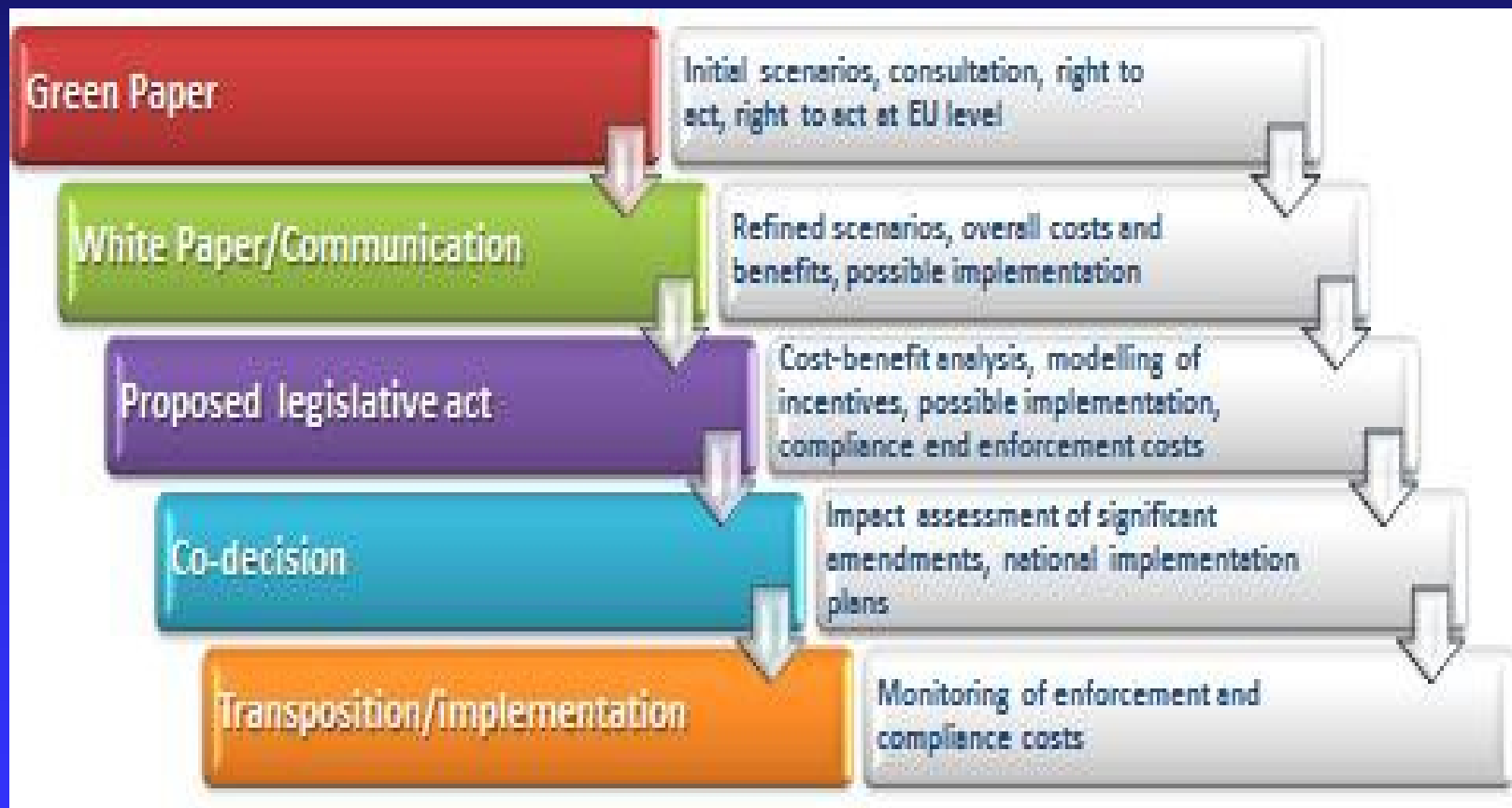
1

- ❖ Green Paper/Public enquiry
- ❖ White Paper/Communication of synthesis
- ❖ Legislative proposal and other types of acts
- ❖ Co-decision
- ❖ Transposition/implementation
- ❖ Monitoring and enforcement
- ❖ Compliance
- ❖ *Ex post* evaluation



THE LIFE CYCLE OF AN EU RULE

2





DECISION

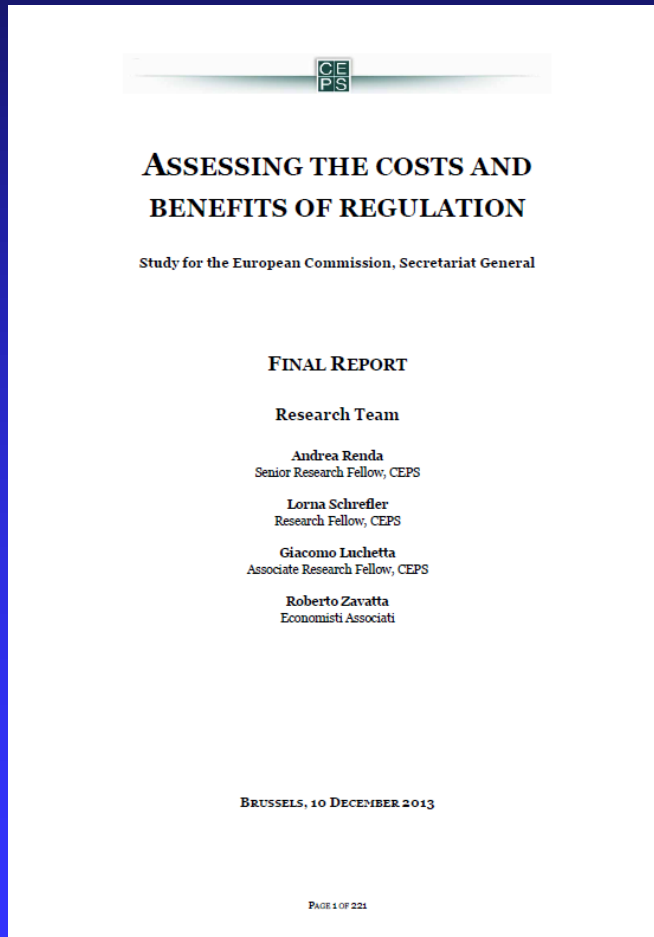
SUPPORTING TOOLS

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**



IMPACT ASSESSMENT



- ❖ Since 2003 the European Commission has given itself an obligation to carry out Impact Assessments (IAs) analysing economic, social and environmental impacts of planned policy measures before decision making
- ❖ Legislative acts and policy initiatives most often produce costs and benefits for society as a whole
- ❖ While benefits typically coincide with the reason why the European Commission takes action (*i.e. the main goals of the policy action at hand*), a sound analysis of new legislative measures also requires a careful assessment of costs



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

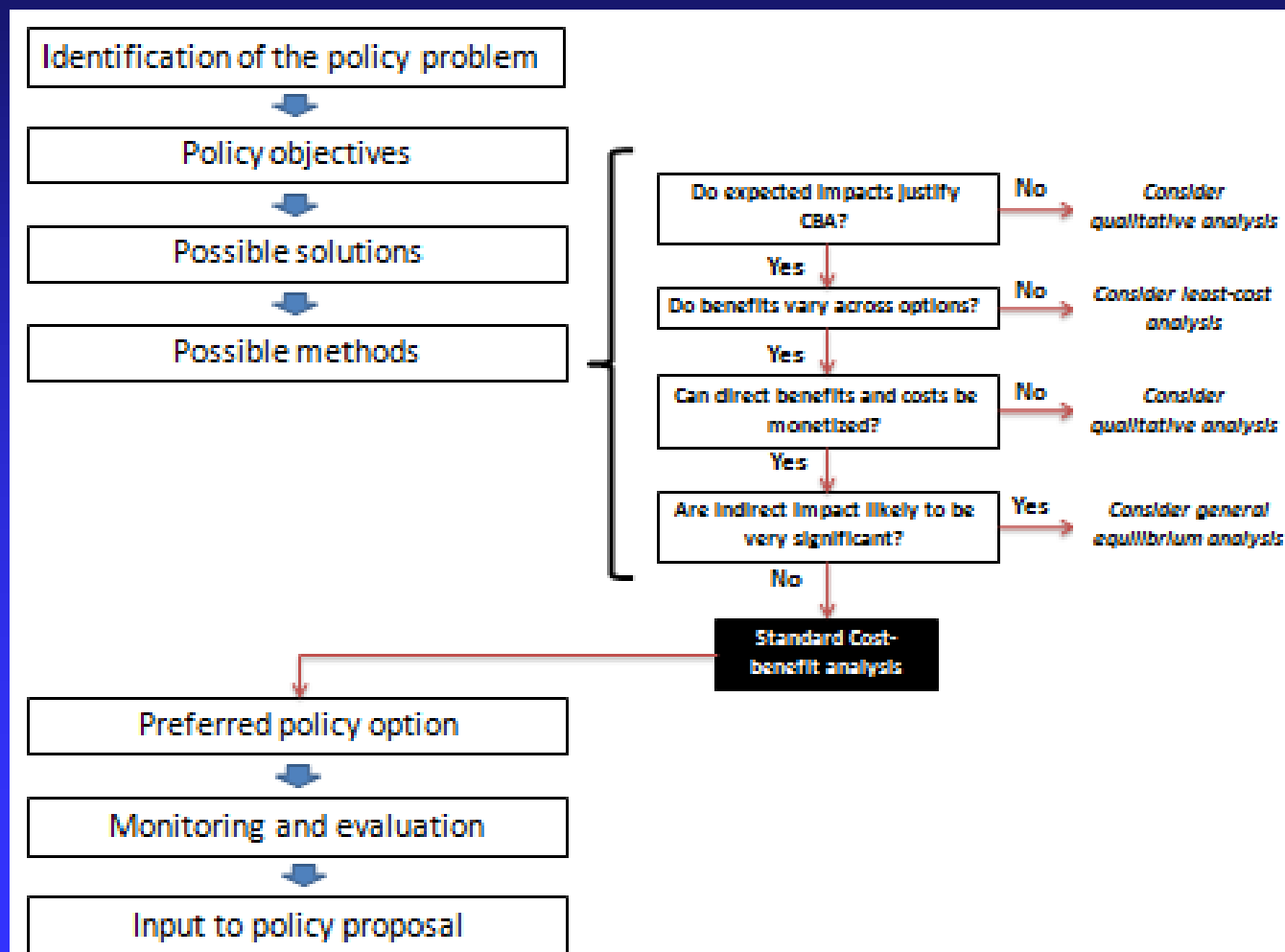


WHEN COST-BENEFIT ANALYSIS IS TO BE CHOSEN?

- ❖ **Choose cost-benefit analysis as the method to be used to compare alternative policy options if:**
 - ❖ **Both benefits and costs vary depending on the regulatory alternative chosen**
 - ❖ **At least all direct benefits and direct costs can be monetized, covering where possible the economic, social and environmental impacts of the proposal at hand**
 - ❖ **The expected magnitude of impacts justifies the effort and time needed to perform CBA**
 - ❖ **Distributional impacts are unlikely to be substantial**



HOW COST-BENEFIT ANALYSIS IS TO BE CHOSEN?





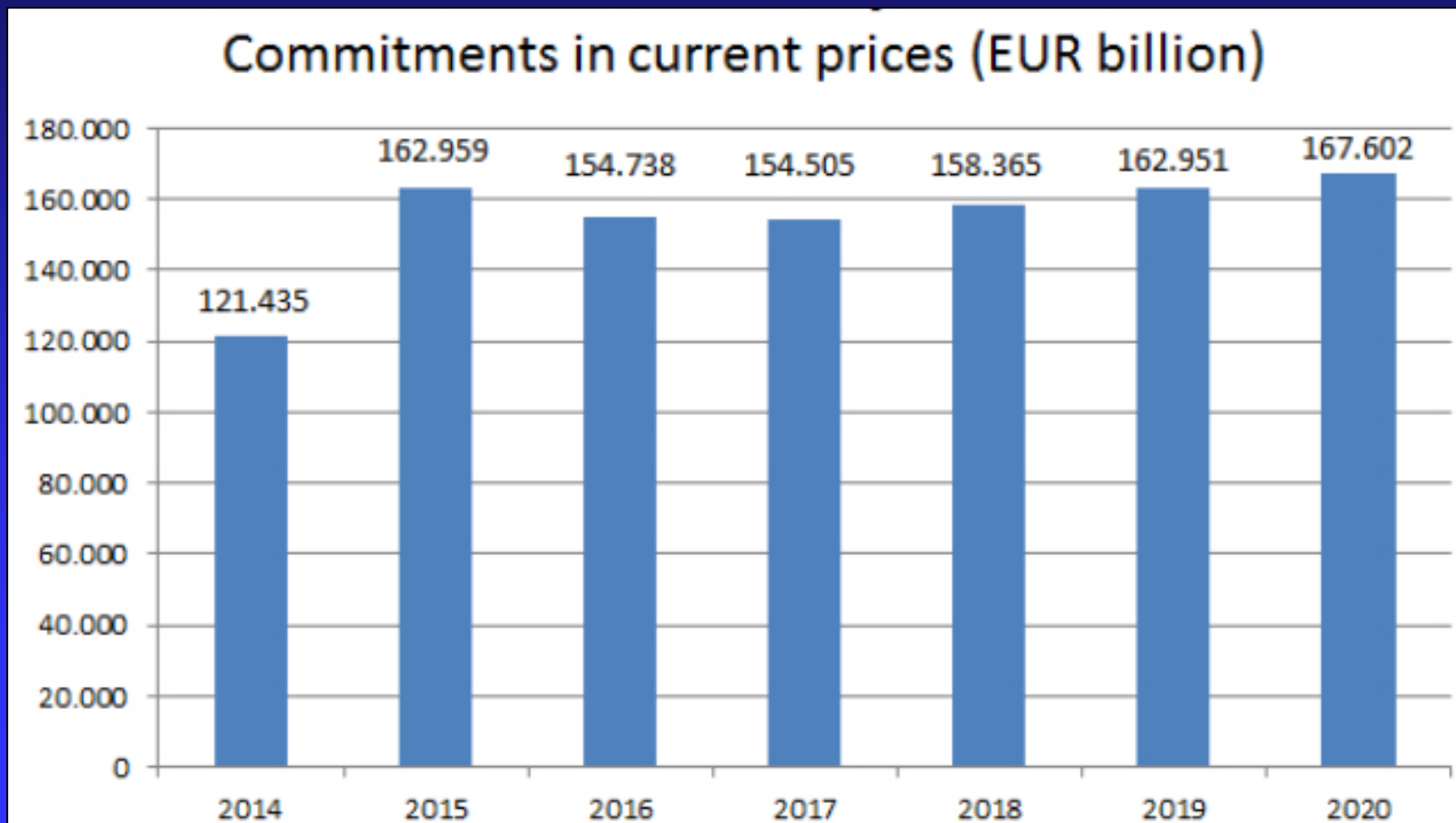
MULTIANNUAL FINANCIAL FRAMEWORK



- ❖ 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 ADJUSTED FOR 2016

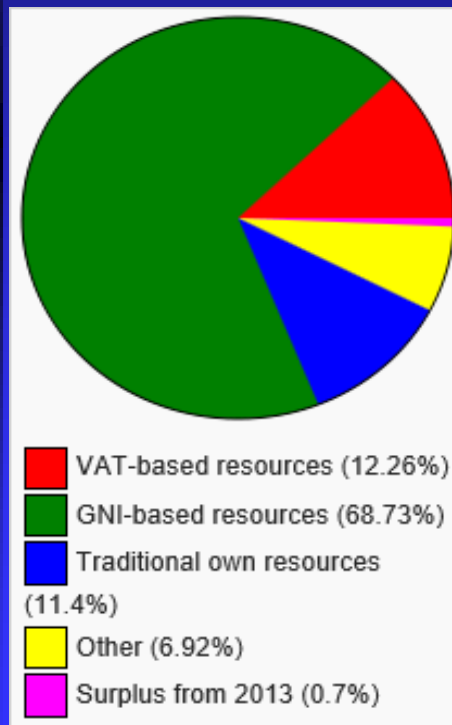




SOURCES OF INCOME

❖ The EU obtains its revenue from four main sources:

EU revenue sources
2014

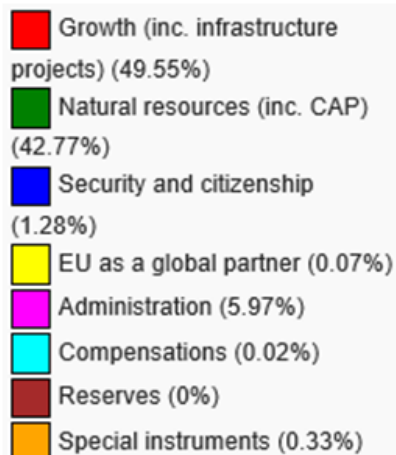
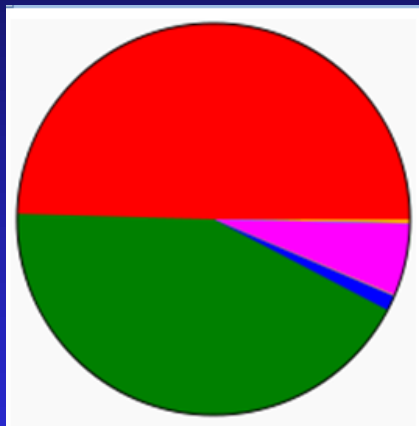


- ❖ Traditional own resources, comprising customs duties on imports from outside the EU and sugar levies
- ❖ VAT-based resources, comprising a percentage (around 0.3%) of each member state's standardised value added tax (VAT) rate
- ❖ GNI-based resources, comprising a percentage (around 0.7 %) of each 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' GDP₃₉



EXPENDITURES



Timár, 2016

- ❖ 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). 40



WHAT CIVIL ENGINEERS DO IN THE EU?

- ❖ Infrastructure projects co-financed by the EU requires active contribution of civil engineers
- ❖ Civil engineers create, improve and protect the environment in which we live
- ❖ They plan, design and oversee construction and maintenance of building structures and facilities, such as roads, railways, airports, bridges, harbours, dams, irrigation projects, power plants, water and sewerage systems
- ❖ They also design and build tall buildings and large structures that they can last for hundreds of years and withstand all weather conditions



CIVIL ENGINEERING ACTIVITIES

1

- ❖ **undertaking technical and feasibility studies including site investigations**
- ❖ **using a range of computer packages for developing detailed designs**
- ❖ **undertaking complex and repetitive calculations**
- ❖ **liaising with clients and a variety of professionals including architects and subcontractors**
- ❖ **compiling job specs and supervising tendering procedures**
- ❖ **resolving design and development problems**
- ❖ **managing budgets and project resources**
- ❖ **scheduling material and equipment purchases and deliveries**
- ❖ **making sure the project complies with all legal and technical requirements**
- ❖ **assessing the sustainability and environmental impact of projects**
- ❖ **ensuring projects run smoothly and structures are completed within budget and on time**



CIVIL ENGINEERING ACTIVITIES

2

- ❖ **Civil engineers can either be consulting engineers who advise on projects and design them, or contracting engineers who turn their plans into reality and maintain the structures once they are built**
- ❖ **Working as a civil engineer you may be required to work away from home for periods of time; frequent visits to sites may also be necessary, especially for new graduates**
- ❖ **Travel abroad may be possible with a large consultancy company**



EMPLOYERS OF CIVIL ENGINEERS IN THE EU

- ❖ **Local and regional authorities**
- ❖ **Government departments (road administrations, licensing authorities, etc.)**
- ❖ **Railways (service providers and operators)**
- ❖ **Water/electricity/gas companies**
- ❖ **Civil engineering contractors/consultants**
- ❖ **Self-employment is possible for those interested in setting up their own consultancy firm, but you will normally need several years of proven professional experience**



KEY SKILLS FOR CIVIL ENGINEERS IN THE EU

- ❖ Employers seek creative graduates who are commercially aware and capable of working well within a team environment
- ❖ Other key skills include:
 - ❖ sound mathematical and technical skills including physics
 - ❖ ability to think methodically, to design, plan and manage projects
 - ❖ ability to maintain an overview of entire projects while continuing to attend to detailed technicalities
 - ❖ excellent verbal and written communication skills
 - ❖ negotiating, supervisory and leadership skills combined with the ability to delegate
- ❖ Regulation of activities and licensing of engineers in Europe are handled differently by various countries