

# **Small States and Democracy in the Process of Europeanization**

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## **Abstract**

This contribution will provide a short analysis of the situation of small states in the European Union (EU). Particular attention will be given to the impact of the EU on democracy in small states. For this purpose, the proposed Constitution of the European Union will be analysed and related to the special characteristics and interests of small member states. In the course of this discussion, the European Union, democracy and small states are set into the framework of a theory of globalization, whereby the EU is seen as a particular case of globalization. Different scenarios of EU development are suggested and their consequences for democracy and small states investigated. A short reflection on small states theory and the changing assumptions about the impact of “size” precedes the analysis.

**Key words:** small states, globalization, democracy, European Union

## **Introduction**

More than one hundred years ago the Austrian sociologist Luwig Gumplowicz summarized the century old process of the formation of ever bigger states in Europe like this: “Now we live in nothing but big states. Are we therefore more happy?” (Gumplowicz 1897/1986, p. 350). He went on to speculate that the people might be ready to look for something else. For this, he said, the right name was not yet found but, he bet, the central political ideal of the 20<sup>th</sup> century would most likely be: “Back to the small state!” Contrary to what sociologists usually predict, in this case he was right. Or, he was almost right: the 20<sup>th</sup> century was an era where the number of states multiplied to almost 200 world wide and to more than forty in Europe - about half of them having a population of less than five million; but it was also an era where the battle for creating “global empires” intensified (Germany, Japan, Soviet Union, US). Still, after the implosion of the Soviet empire in 1989 there was a short moment where one could really believe that small states as a political type had outlived empires. Today, this conclusion is not so certain any more. Barely had the Soviet Union disappeared than the US tried to impose itself as the world police. And in Europe the European Union (EU) decided to incorporate the former Soviet satellites in Central and Eastern Europe. Now, after an EU Constitutional Treaty has been approved even the evolution of a big and full-fledged European State is imaginable. Was Ludwig Gumplowicz wrong?

## **Threads of *small states* discussion**

Three developments have been key to the rising academic interest in small states. First, the increase of the number of small states in the 20<sup>th</sup> century is a historical fact. In Europe this happened mainly after World War I and after 1989. Between the end of World War II and the 1990s the number of states in Europe was constant. However, outside Europe, due largely to decolonization, the number of states and particularly of small states increased tremendously. Second, some of the small states became a success story, especially in Europe. This has attracted increased interest from the social/political sciences, with researchers interested in discovering the competitive advantages of small states (Höll, 1983; Katzenstein, 1991). Third, there has been an increased philosophical awareness of the role of *size* in human organization. The essence of this interest has been crystallized in the slogan “small is beautiful” (Kohr, 1957/1986; Schumacher, 1973; Illich, 1973/1989).

Somewhat surprisingly and paradoxically, when the Soviet world system collapsed and the number of small states in Europe subsequently increased some threads of the small state and smallness discussions lost momentum. Sporadic initiatives at the beginning of the 1990s intended to push the topic under the new political circumstances (Langer/Pöllauer, 1995) completely drowned in the unfolding occupation with globalisation in which *large size* seems to promise the ultimate salvation.

However, it cannot be excluded that it might be exactly this complacency of the “big” which will release a new interest in the small state phenomenon. Recently a number of publications have been pointing in that direction. But, whereas the previous discussions have often been focusing on the institutional arrangements which help small states to become economically successful, now a concern with their survival in a globalizing political environment is drawing attention. With respect to Europe, it is in particular the fate of the small states inside the European Union (Thorhallsson, 2000), but also the behaviour and fate of the new post-communist small states (Jazbec, 2001; Böröcz et al., 2001) which stimulate research. These approaches address first of all institutional and political responses to cope with the challenges coming from “Europeanization” and globalization (Sabic/Bukowski, 2002). In contrast with the 1970s and 1980s now the tenor of the new discussions is mostly defensive. And it was in the course of the Convention for an EU Constitution when for some even the complete disappearance of the small states in Europe became imaginable. There the concern was mainly with the transfer of sovereignty and the sharing of power with the “big” inside the emerging supranational organizations. So far, not much attention has been given to the impact of progressive EU integration on those institutions previously considered as a competitive edge at least for the developed small states in Europe (Kindley/Good, 1997). Such advantages mentioned were neocorporatism but also a developed democracy. The latter was put on the agenda of the EU constitutional discourse as a general problem, and not particularly with respect to the small states.

It is democracy in particular which is of interest for this contribution, because if democracy is inherent to the success of small states then the question of the role of democracy in EU structures should be vital for their survival under supra-national circumstances. In a first step I will dwell for a moment on definitions and cast a glimpse on the reality of EU democracy. A short analysis of the approved Constitution should provide some additional information about the direction democracy in the EU is developing. Then I will reflect special

consequences from this for democracy in small member states. Finally, four scenarios relevant to the further unfolding of the European Union are suggested.

### **Preliminaries about *democracy in the EU***

Democracy belongs to a category of concepts which quite frequently causes confusion among theorists and practitioners alike. However, it does not stand alone with this characteristic. Concepts like “globalization” or “culture” share a similar fate. Confusion amongst others means many different definitions, understandings and procedures. From an academic point of view it is the definition which decides whether a country is considered as a democracy or not. Who does not remember the disputes about “peoples democracy” in the Soviet era? For our purpose here I will roughly distinguish between definitions which emphasise that in a democracy “supreme power must lie with the people” and others which emphasise a certain procedural relationship. “We are the people!” shouted the East Germans in 1989 when they wanted Germany reunited in a moment of living democracy. Similar the *Preamble* of the emerging EU *Constitution* where Ancient Greek philosopher *Thucydides* is quoted at the beginning: “Our Constitution is called a democracy because power is in the hands not of a minority but of the whole people”. To define democracy as “a political system in which governments are constituted by majority votes cast in regular and uncoerced elections” (Berger, 1986: 74) is also still on this side. Whereas, when it comes to the procedural understanding of democracy usually the Austro-American economist Joseph Schumpeter is quoted, who defined democracy as a system “for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people’s vote.” (Schumpeter, 1947: 269) Roughly speaking there are definitions more emphasising the *people* as actors and others emphasising the *elites*. Today, among the general public the following aspects and understanding of democracy can be observed: democracy as a) government by the people or their elected representatives, b) a political or social unit governed ultimately by all its members, c) the practice or spirit of social equality, d) a social condition of classlessness and equality and e) the common people as a political force. In which direction does the *European Union* move?

The most publicly visible element of democracy in the European Union are the *elections* to the European Parliament (EP) in Brussels/Strasbourg. Although no one should be surprised by the turnout being lower than in national elections, given the distant character of this parliament, its continuous decline since 1979 should ring a bell. The decline is from 63 per

cent in 1979 to 45 per cent in 2004. Although this decline was widely regretted by officials and the media a deeper analysis of the causes is still missing. The reasons most frequently given were either wrong design of election campaigns (too much focused on national politics) or that the European Union is still too distant from the people. These arguments neglect the fact that 2004 was the election with the lowest participation ever, whereas campaign design and EU visibility was certainly not worse than in the past. Indeed, something more profound must have taken place. Whereas between 1979 and 1994 the decline in turnout was gradual - about 2 per cent each time - it dropped by 7 per cent in 1999 and 4.2 per cent in the elections of 2004. A difference in turnout between *small* and *big countries* does not seem to exist. But what does matter is whether the EU elections are put together with national or local elections – this automatically raises the turnout. Comment of the new Commission President designate Barroso: “The apathy shown in the last European elections is worrying.” (President-designate Barroso, EU Press Release IP/04/1029, 12.8.04)

A special component of the declining turnout in 2004 elections were the new (post-communist) Member States. When more than a decade ago the Communist regimes crumbled, it was after all perceived as a victory of democracy (Segbers/Imbusch, 2000). Hence, it was a disappointment for many when in almost all of the post-communist societies the turnout in elections and referenda generally remained surprisingly low. At the beginning this was interpreted as a problem of transition. But nothing fundamentally has changed since the 1990s. The countries with the lowest turnout in the 2004 EP elections all come from the post-communist circle of new members (Poland 21 %, Slovakia 17 %). None of the eight countries showed more than 30 per cent turnout. It seems as if the “triumph of democracy over totalitarian autocracy” as the collapse of the communist regime was celebrated has quickly lead into a crisis of democracy and this not only in the East but also in the West. Although in Western Europe the turnouts in elections are still relatively high, the paradigm shift is obvious when compared with twenty or thirty years ago. What is even more visible here is the decline of *direct participation* (e.g. democratic participation in higher education or industrial democracy) during the 1990s. This version of democracy became suddenly “undesirable” among Western elites (Putnam, 2002). The EU is no exception in this respect.

Nevertheless, it cannot be denied that the first time in history more or less all states in Europe are governed through democratic institutions, at least formally. And this belongs certainly to some extent to the merits of the European Union which has “democracy” as a criteria for membership (see the Copenhagen Criteria). Is the EU hence the great promoter of



democracy in Europe? Even if we only stay on the surface of the phenomenon one will have to admit that having democratically legitimized governments on the level of member states does not mean that the Union as such is democratic. It is clear that adding up 25 or more democratic states will not automatically make a democracy for a Union of about 500 million people. There is no historical example for such a big democracy. With whom should we compare? With the US, India, China? The US has not the cultural diversity of Europe, China has still no democratic government and India is on a much lower level of economic development. What if for example *size* and *diversity* are unbridgeable problems for democracy? After all, the spreading of democracies after 1945 and 1989 has been accompanied with a strong increase in the number of countries (74 in 1945, more than 190 today). Indeed, democracy very often goes hand in hand with *secession* and the making of more *small states*. Imagination is needed to meet this challenge (Roland 2003).

Interestingly, this vital question of *supra-national democracy* has not been able to mobilize many people or raise the necessary interest in the member states and acceding countries. And this despite the widely known fact that more than fifty percent of relevant laws in the EU are already made in Brussels without a transparent democratic legitimation and then adopted by national parliaments. The reasons for this disinterest might be many. One is certainly that Brussels is still dealing with the “less exciting” questions of life like subsidies for farmers or transcontinental planning of infrastructure, whereas the exciting things like social security, defence, education etc. are still under national control. Although, most people have not recognized yet that also the “exciting” questions are increasingly framed on the EU level. Another reason for the disinterested public might be that the “big players” (international corporations, NGO etc.) have enough lobbying capacity to influence the laws and directives made by the *eurocrats* and otherwise are more interested in *efficiency* than in democracy. Besides that, they usually have also strong influence on the media for agenda setting. But there are at least two recent examples that a supra-national public space is forming: the Iraq war and the suggested membership of Turkey.

There is also reason for suspecting that the EU elites are actually not interested in democracy or even lack understanding of it. A case in point is the Copenhagen political criteria for EU membership and the way they were dealt with during the 5<sup>th</sup> enlargement. First of all “democracy” as a criterion for membership in the EU remained undefined and thus open for arbitrary definition by those who were conducting the enlargement process. If any intellectual guidance can be drawn from the Copenhagen documents then it is that

“democracy” is not an independent principle. In all related documents the wording for the criterion is “Democracy and the Rule of Law”. “It is possible to observe that the Copenhagen related documents give priority to the assessment of the rule of law, without concentrating on the analysis of the democratic process in the candidate countries in necessary detail.” (Kochenov, 2004: 23) Conceptual confusion, vagueness and the actual disregard of the degree of compliance in the candidate countries with this criterion raises big question marks about the future of democracy in the EU.

### **EU concern about its *democratic deficit***

Is the Constitutional Treaty an adequate response to declining turnout rates in European (and national) elections? Or even the appropriate cure for the general “democratic deficit” of the EU claimed by many critical observers. How will it effect democracy on the level of the nation state? Here we should not forget that internationally the EU is one of the main promoters of *parliamentary democracy*. Democracy in the kind of the definitions given above is at least a formal condition for EU membership. On the other hand, up to now modern democracy was closely linked with the emergence of the *nation state* (Huntington, 1993): the people of a clearly defined territory is the decision maker of last resort (take Switzerland). At first glance EU rule could not be more different: it is defined by concepts like *inter-governmental* bargaining and the *community method*. The latter term is frequently used but rarely explained. It seems to me that the core of this concept is finding *consensus* between *expert opinions* (Commission monopoly of the right of initiative). Neither method meets the criteria of a classical democracy. The *inter-governmental* meetings remind one of the bargaining between ancient tribal elites, whereas the community method has something of the *philosopher king* about it, with the highly educated bureaucrats and experts of the Commission as the enlightened ruler of Europe.

If the people appear in this context at all then it is as subjects of opinion polls (take the notorious Eurobarometer) or as crowds fighting “unjust” rules/directives coming from Brussels. Behind these rules is rarely the “will of the people” but considerations of efficiency and sometimes even lobbied interests only. There is the European Parliament (EP) but up to now this parliament had rather consultative competence (co-legislating) and is far from being the representative of a sovereign people of Europe. Besides that, many of the members of the EP obviously do not believe in the EU as an emerging full-fledged democracy themselves but are there rather to impede such a move (e.g. UK Independence Party). Generally speaking, the

problem of the EU as a political entity is *representation* and *accountability*. The EU, like nation states, has a territory where its rules become law by membership. However, it is also obvious that there is great uncertainty about the boundary. Other than established democracies the EU has no clear vision of its boundary and this despite reiterating in all major treaties since 1957 that membership is only open to European states. Paradoxically the uncertainty about the territorial identity of Europe has been increasing since *political union* became part of the agenda in the post 1989 era.

Although the European Union has no current counterparts, there are many historical experiences which could help to estimate the feasibility of a supra-national democracy. So far the high time of democracy was connected with *secessions* rather than with unifications. There was the break-up of the Habsburg monarchy after WWI, of British India after WWII and of the USSR, Yugoslavia and Czechoslovakia after 1989. But there are also forces of separatism and devolution in established democracies like Belgium, Canada, UK, Spain and so on. The European Union as an attempt to unify democracies is a rather unusual historical case. Whereas most democracies emerged from a base of common *cultural identity*, the European Union was driven from the beginning by a strive for more *efficiency* and the promise to provide trans-national *public goods* (peace, environment etc.).

From historical examples we also know that size counts: large democracies are inclined to take on the *presidential* rather than the *parlamentary* version of rule. The EU is now with its fifth enlargement getting larger and larger. Will it develop into a presidential democracy? Presidents however can be tempted to develop an autocratic if not dictatorial behaviour not the least to counteract disintegration which is always lurking behind *diversity*. Such tendencies can also be obviated independently of size (e.g. US, Switzerland) by *federalism* which softens the pains of being subjugated to a central power. However, historically federalism has usually been the second best solution accepted because independence for some reason was not possible. Why should full fledged nation states opt for unification under federalism as it would be with the EU?

In any case, with its fifth enlargement the European Union thought it should adapt its institution to operate with a larger number of members. For this a Convention (2002/03) was established to merge existing treaties in a single document (Constitutional Treaty) as well as to establish the future identity of the Union in a common effort of delegates from existing and acceding members. Subsequently the revised draft of this document was approved at an Intergovernmental Conference (IGC, 18.6.2004) by the EU Heads of States or Governments

and signed in a ceremony in Rome on October 27<sup>th</sup>, 2004. Now the document is waiting for ratification as a “Treaty establishing the Constitution for Europe”. However, to understand how a constitution tackles the problem of democracy is always crucial. How is it with EU Constitution? Does it for example indicate awareness of the risk that making the institutions more efficient could further deprive the citizens of their right to democratic participation? Does it reflect the challenges and problems of supra-nationality or *size* in this context?

In fact, the role of democracy in the constitutional frame of the EU is defined in several parts of the draft as well as the final text. It does so in part on “principles” on “citizens’ rights”, and of course “democracy” in the chapter on the “Union’s Institutions’. That “democracy” is meant to be of serious concern for the Constitution can already be recognized from quoting *Thucydides* at the beginning of the Preamble. Hence, it is not surprising to find it among the Union’s central values (Part One, Art. I-2), along with an attachment to *human dignity, liberty, the rule of law and respect for human rights*. However, striking are the corrections which during the Convention one could find in versions of the draft in which values were changed from properties of *people* to properties of *states*. This raises the suspicion that the Convention had doubts whether or not the noble values are really shared by the people of the existing and future member states. With respect to the value of “democracy”, this stands in sharp contrast to the classical nation states where it often only materialized in constitutions through struggle by the people and not vice versa. The reason for a reverse understanding in the Convention certainly deserves a closer look. In the line of the discussion here one would have to ask how strongly this value is really rooted in the EU if the Constitution is afraid of relying directly on the (probably diverse) value orientations of the European people.

The Constitution emphasizes the “equality of citizens” but curiously not so far as to be common ‘before the law’, but to “equal attention” from the Union’s institutions (Article I-44). This is closely connected with another shift of meaning, namely the understanding of “participatory democracy” as merely giving the opportunity to “exchange ... views on all areas of Union action” (Article I-46) and not direct participation in policies. Similarly the EU referendum, where the Commission can be “invited” – not committed – by at least one million citizens from a “significant number of Member States” to submit a proposal (Article I-46/4). (There is, incidentally, no stringent argument explaining the monopoly of the Commission for making proposals.) In the same line is an emphasis on “transparency of the proceedings of the Union’s Institutions”. Here we encounter something which became already obvious as a

priority of the Union with the advent of advanced information technologies in the middle of the 1990s, the public access to EU documents by mouse click. More conventional is the expressed understanding of the principle of “representative democracy” (Article I-45), except that the concept has two addressees: the *citizens* of the Union who are directly represented in the European Parliament and the *Member States* which are represented in the European Council by their governments. (At this point one might also wonder why in the Constitution the term “citizen” is consistently written in small letters while “Member States” in capital letters.)

However, the EU citizen has a few explicit “participatory rights” which are laid down under “Citizens’ Rights” (Charter of Fundamental Rights; Part II, Title V). They are foremost the “right to vote and to stand as a candidate at elections to the European Parliament”. But also “the right to vote and stand as a candidate at municipal elections in the Member State in which he or she resides”. Under Title V a number of other rights are granted, but they have more to do with ‘good governance’ than with democracy. What is worth mentioning is that most of those rights are not only granted to “citizens” but to any “natural or legal person residing” in the territory of the Union. Here, the draft follows a development in which the difference between “citizens” and “residents” gets more and more blurred. It should be mentioned that on the level of member states this process also meets resistance, because it touches the question of identity (identification with territory, history, social solidarity, competition etc.). But, the EU is probably still a reality too abstract to make people aware of this shift. Anyway, in both cases (EU, nation states) the unique political rights of “citizens” are melted down to the rights to vote and stand candidate for the major political institutions. And here the influence of the citizen depends on how democratic these institutions are. This leads us to the most crucial question: How much democracy do EU institutions permit?

Seven institutions are listed under the heading “The Union’s Institutions”. Together, they make up most of the institutions which constitute a full-fledged democratic state. Of the seven, the *European Parliament* (EP), the *Council of Ministers* and the *European Commission* are the most important from the view of democratic values. The legal instruments through which the power of the Union is exercised all evolve more or less from this institutional triangle, except that the distribution of their weight is somehow reversed to that in a conventional democracy where the parliament is – in theory at least - the most important actor. However, despite some procedural improvements the suggested Constitution leaves the EP in the limbo of power where it was kept from the beginning of its establishment in the

seventies. As in the past it will “jointly with the Council, enact legislation, and ... exercise functions of political control and consultation” (Article I-19). A small gain of power will be the right to elect the President of the European Commission. Otherwise, the EP will remain a crippled institution, whereas the Commission and Council will gain (Foreign Minister, President of the Council). Ideas of complementing the EP with a “Peoples’ Congress” were dropped at the end, whereas the new involvement of national parliaments is flawed because it invites national MP to examine proposals of the Commission without having the power to make decisions.

Although it must be admitted that designing a supra-national constitution must be a difficult task, it is without doubt justified to draw the conclusion that in the EU Constitution the idea of democracy falls far behind what member states constitutions provide to their people. Although, precisely due to EU “supra-nationality”, member states parliaments are increasingly degenerating to assemblies ratifying EU “laws” without or even against the sovereign. Unfortunately, the public is not yet sufficiently aware of this, partly because of the elites still being dazzled by their supranational opportunities and partly because of increasingly monopolized and internationalised media which profit from the supranational framework. Since May 2004 the new Member States additionally bring in a population generally neglecting (and distrusting) politics whether it is democratic or not.

There are serious consequences here for *collective identity* which is de-nationalized and reduced to the mainly *economic parameter* of the EU project (Somek, 2003) – the “citizen” as a *professionally mobile* and *political correct* subject. The EU should still be considered as a democracy as claimed in the Preamble only if democracy is redefined as based not on the *voice* of citizens but of organisations like governments, NGOs, Round Tables and corporations. But this is something fundamentally different from classical democracy (power emanating from the people) and even from such pragmatic definitions where democracy is simply understood as a procedure to regulate the competition of elites in general elections (Schumpeter, 1947/1942) . It appears as if the emerging design of the EU somehow radicalises the ambiguous effects of globalization on democracy. As with globalization, the EU encourages the introduction and stabilization of democratic structures on the level of the nation states but at the same time is withdrawing and shifting significant power to institutions beyond the reach of the people. The difference is that with globalization as known so far the loss of power is re-negotiable (inter-governmental), it is temporary, concerns only limited aspects of policy and can be more easily revised. With the EU, however, the loss of

sovereignty is permanent. The Constitutional Treaty with a provision (Art. I-60) regulating the “voluntary withdrawal” of a member state would only change this in principle, not in practice.

### **Effects on Small Member States**

Although, the *democratic paradox* of the EU – high concern in theory, low awareness in practice - hits both large and small member states the effects will not always be the same. It has already been mentioned that functioning democracies historically are more frequently found in small or medium sized societies with cultural and economic homogeneity rather than in large and heterogeneous states. Hence, even if the European Union could develop a perfect democracy it could be fatal for the small member states. Why? Let’s take the EU distinction between democratic participation of *states* and of *citizens*. Until 1979 (when the first EP elections were held) European Community democracy was mainly a matter between states. This democracy rested (and still rests) on the *weighting of votes* in the Council, the *federal role of the Commission* and the *equal rotation of the Presidency*. Among the six Founders - which consisted of three big states (France, Germany, Italy) and three comparatively small states (Belgium, the Netherlands, Luxembourg) - this arrangement gave the small states a political weight far beyond their demographic capacity. There was a balance, that was further emphasised until the 1980s by the provision for, but rare use of, *qualified majority voting* (QMV). Small states were further assisted by the widespread conviction that the Commission (with its monopoly of initiative) would be the real protector of the small states interests in the EU Maignette/Nicolaidis, 2003). Hence, their endeavour during the Convention (2002/03) to secure one Commissioner for each country. The approved Constitution will terminate this arrangement in 2014, but the rotation system that will then be used can be considered as a concession to the *small member states*. On the other hand, the Nice Treaty, which has been in effect since November 2004, has reduced the position of small countries on the Council’s “power share index” in favour of the four big member states and even more the medium sized countries Poland and Spain. If the Constitutional Treaty should be ratified the “power share” of small countries will drop further under *Dual-Majority Rules* (55% of states, 65% of population) by November 2009. An exception would be the very small countries (Latvia, Slovenia, Estonia, Cyprus, Luxembourg and Malta) which would regain what they lost with the Nice Treaty. (Baldwin/Widgren, 2004)

But does all this really matter? Remember, we started out by referring to a thread of thoughts from the 1970s and 1980s which painted the developed small states in Europe as economically and politically highly successful entities. Most of these states are now either members of the European Union or closely associated with it (Norway, Iceland, Liechtenstein). Here, it would go too far to look into the gains and losses of each individual society, although this would be very important and necessary to develop a rational policy. What I would like to mention is, that: a) the small member states rarely form a coherent group in the EU power game; b) the EU power game appears to follow more coincidental *group dynamics* than the rules as drawn up in different treaties. The chaotic negotiations which lead to the Nice Treaty provide just one evidence for such a proposition. Such kind of decision making only incidentally can lead to legitimate results from the point of the small state electorate. Instead, national parliaments turn into legitimating machines without a “no-option”. The Commission with its monopoly of initiative offers no solution for this problem for it is first of all a bureaucracy with its own life and interests. Hence, a “national Commissioner” will not really help to preserve the interests of small states. What else can? More democracy on the level of citizens?

We have already discussed that the foundation of a *citizens democracy* at the EU level is the European Parliament and certain political rights of the citizens. The rather limited authority of the Parliament in the triangle with the Council and Commission has also been mentioned. As much as this is regrettable from the point of a theory of democracy, it is not the main problem from the perspective of the small states. In fact, the EP is maybe the best place to show that when it comes to democracy supra-nationality and the interest of small states really collide. Given the almost half a billion people which the EP represents the electorate of a single small state simply does not count. In such a situation it does not help to keep some sort of “degressive proportionality” such as on the Council level because the numbers are simply too disparate. Here, where more democracy at the EU level is of advantage for the electorate of big states, for the small states it in practice means less democracy. Certainly, the Members of the European Parliament (MEPs) can join and work with their respective ideological fraction in the EP, but this will only work with questions where there is not much difference of assessment between national cultures. If such differences occur the electorate of big member states are much more likely to get their way than small member states. Besides the small states have often special characteristics (naturally, culturally, socially, economically) which gives them their uniqueness but are not understood or even contrary to



the interests of big states. Take the problem of traffic in Alpine regions as an example. Electorates in countries with a different topography or a strong lobby of transport business are usually not supportive of solutions favoured by the electorate of small states located in such regions. A comparison between the non-member Switzerland and the member Austria could clearly demonstrate the different effects of national and supra-national democracy on this point.

Admitting, what has been said here about small states, EU membership and democracy provides no final evidence for whether EU membership for a certain small state in general is good or bad. But certainly, from the point of democracy the overall impact is rather detrimental. Although, it should not be neglected that in cases where accession has been accompanied with a transition from authoritarian to democratic rule like with the post-communist societies the EU has been supportive of the introduction and stabilisation of democratic institutions. Otherwise, however, the EU has basically an inherent destructive relationship to democracy – for small and large countries alike. Nevertheless, the small member states have some characteristics which make them particularly vulnerable to this “democratic deficit”. Here, it is necessary to distinguish between small states with a consolidated democracy and high living standards and those where democratic institutions are younger and living standards are lower. Whereas with the latter the EU was helpful to establish democratic institutions it is now, due to the reasons given, hindering the unfolding of a full fledged democratic political culture. In such countries it is possible that the EU bureaucracy will simply tie into the autocratic mind set inherited from the past. On the other hand, in the small states of Northern and Western Europe with their established democracies EU membership is eroding political culture and hollowing out institutions. This is indicated, for example, by a decrease in the traditionally very high political engagement in these countries. Those institutions which made them economically so successful in the past (social partnership, corporatism etc.) are shaken or replaced by EU style “modernization” (Lisbon Agenda). Additionally, the population is being alienated by the “one fits all” solutions of the single market, which are especially bad for the distinct cultures of the small states.

Further, although the EU is an economic community, it is blurring the visibility of the *vertical inequality* originating in the dynamic relationship between *capital* and *labour* and is instead pointing to *horizontal inequalities* (e.g. age, gender, race, region, immigrants). This redefinition of inequality has severe impact on the political culture (Azmanova, 2004) and is probably distracting the small states more than the big states from their genuine economic

interests. *Social* (economic) *justice* which was so central for the success of some of the small states as *nation states* is now replaced by *semantic justice* (“political correctness”). The fight is about *opportunities* and *risks* and less about a just share in GDP. In this new political culture the feeling for *national identity* and *boundary* is getting confused. Again, this is more risky for small than for big states, because it is usually the latter from which many of the small states have emancipated themselves in a long and often painful process. This collective liberation which provided the citizen with political rights and security inside “small borders” is now being replaced with economic freedom “across borders”. The latter is advantageous for “big players” first of all, but for the citizens it leads to reduced political influence. Under these circumstances the small states could become economically absorbed again by actors (e.g. companies, investment funds) from the big states and politically by the supranational institutions. In this case we could experience an inverse process to what Gumpowicz rightly predicted for the twentieth century more than one hundred years ago. Back to the giants!

What makes the problem even more complicated is the still uncertain identity of the European Union. We don’t have to embark on a discussion about “old” and “new” Europe to recognize the elusiveness of this identity. A sample of daily news from different member states provides enough proof. However, for the question about *democracy* and *Small Member States* the answer on which trajectory of identity the EU finally will embark is vital. What options can be imagined when considering historical experience and theoretical reflection? Certainly, the EU could falter already with a failed ratification of the Constitution. What then? Here I will not follow this line of thought, because I am convinced that in any case in an era of globalization the states of Europe will somehow have to stick together to meet the challenges of this process. The EU could indeed even be seen as an advanced case of globalization. And that globalization effects both small states and democracy is undisputed.

Let us now reflect briefly on what kind of scenario could emerge in the EU that would be relevant for the fate of democracy and small member states.

### **Future scenarios for the EU**

There are plenty of signals which can serve as material to speculate about the trajectory on which the EU is on or on which it might embark in the future. The result of such a speculation will depend on the perspective the observer is going to take. For example, in the discourses on the constitutional Convention a popular distinction made was between “federalists” and “inter-governmentalists” when the question of the *political* future of the EU

was raised. The former had existing federations in mind as models (e.g. USA, Germany) whilst the latter emphasised voluntary association between sovereign states (e.g. UN, NAFTA, NATO). From an *economic* point of view, globalization theory (Robertson 1992; Albrow 1993; Albrow 1996; James 2001; Khor 2001) appears to provide the best predictions for the future of the EU. Nobody will deny, that, for example, the “four freedoms” – of mobility of capital, labour, services and citizens – which are so much part of the EU’s nature also serve globalization. Other characteristics which also tend to reappear in discussions of globalisation like perviousness of state boundaries, deployment of electronic media or the favouring of big economic players are also found in the EU. On the other hand, in an inverse view critics of globalization note the role of the EU in dismantling the *welfare state*. The latter perspective could even lead to the assumption that with the welfare state the EU could also disappear, because it would have accomplished its task to lead the European societies back into the pre-revolutionary era of the 20<sup>th</sup> century.

Indeed, the overall picture of the EU remains hazy and ambiguous, hence highly dependent on the ideological position of the observer. Former Commission President Jacques Delors has compared the EU to an “Unidentified Flying Object” (UFO). However, it might not be impossible to find out the trajectory this “UFO” could take on in the not so distance future. I suggest four future scenarios, each covering some of the described aspects, but having different consequences for small member states. These scenarios are:

a) The European Union as the paradigm for globalization, pointing to the future when similar unions will be established on other continents. Maybe politically the globalized world will become a *union of unions*. In this understanding the EU could be seen as an *avant-garde* project of history where Europe is again suggesting a political model for the world. In the centre of this model is the supranational *network state* (Castells, 1996) and its primacy of *negotiation* and *communication* in politics. Nation states continue to exist as *nodes* in the network structure. The sovereignty they “pool” in supranational bodies provide a new type of power. This view can be frequently found among political scientists and some members of the Commission.

b) The European Union as a *Federation* or even unitary mega-nation comparable with states like the USA, India or China. Phrases like “ever closer union” of European states, making Europe into the most advanced economy on the globe, fostering the European model of society, promoting cohesion by redistributing income from the richer to the poorer regions of the Union and promoting “European values” in this direction. The EU is seen as a state in making its own nation, i.e. “nation building” on a continental scope. The Constitution is an important leap forward in an “irreversible” process. The concept of EU citizenship, fundamental rights, the search for a European public space, the battle for more power to the EP etc. could provide the elements for this new nation.

c) The European Union as an *Empire* comparable with previous multi-ethnic empires like the Habsburg and Ottoman Empire. Evidence for this view are the difficulties EU elites have agreeing on the final external border. Also, a ‘Rapid Reaction Force’ to enforce “European values” around the world is more an imperial than a national concept. Under the circumstances of the 21<sup>st</sup> century such an empire could easily materialize as a ‘corporate dictatorship’ – the global rule of big business, inheriting the US as a new agency for *Westernization*. The advent of the *information society* has made the reach of this goal considerably more likely. In fact, the new information technologies are used in the EU bureaucracy already to an extent that one is inclined to call it an “empire by mouse click”. Although originally the EU was only meant as a European undertaking, global ambitions are coming more to the surface.

d) The European Union as an agency for implementing and standardizing economic liberalism in Europe; just another regulatory structure like the International Monetary Fund (IMF), World Bank (WB) or the World Trade Organisation (WTO). If this is accompanied by simultaneously promoting the Anglo-American model of society one could speak of the EU as an agency of *Americanisation* (Copy America shop!). This view would be congruent with assumptions that the term *globalization* is just another euphemism for the interests of the US as the new *hyper power*. In a radicalised version of this view, EU institutions would turn out to be agencies of US interests if not US government subsidiaries in Europe, the European Union as a *US protectorate*. As such their main function would be to reduce for the global hegemon the political complexity of Europe. And indeed, the ambiguity of the EU as a phenomenon permits also such an interpretation. Arguments like the EU has to have a president *because* the White House needs to know whom to call or the habit of post-communist candidate countries to speak about the EU in one breath with “Transatlantic institutions” point in this direction.

It is clear that each of these scenarios has some plausibility, yet which one will prevail in reality remains undecided. The battle is still on. It goes without saying that the fate of democracy will largely depend on the “path” which the EU will decide to follow. Whether it will be the *network state* or the *federation*, the *empire* or the subordinate under US interests (*protectorate*), in each case the consequences for democracy and small member states will be severe. Evidently, none of those trajectories looks very promising with respect to democracy. In the *network state*, the decisions will remain intransparent and distant for the citizens. Even if on the level of nation state the democratic process still works, power has moved to supra-national distant institutions where eurocrats rule considering mainly (their own?) transnational interests. Still, some kind of control by member states (via the Councils) and fractions of citizens (via the European Parliament) remains. The worst case for democracy would be the *empire* and the *protectorate*. Although in the latter case full fledged democratic institutions could continue to exist, this would only be for the purpose to deceive the citizens, because sovereignty would have been lost to an outside power. Whereas in the case of *empire* the

institutions would be bent and adapted to entirely serve the interests of a continental oligarchy. The citizens would completely retreat from political life (Continental “Biedermeier”). Theoretically the *federated* mega nation would probably be the best option for the EU from the angle of democracy but it would not automatically take the existential pressure from the small member states.

An EU *federation* determined to preserve democracy for the people from large and small member states alike would probably have to have a completely different design than what we know today. A federation as discussed in the Convention (2003/2003) would not provide much to prevent the diluting of democracy. Power would continue to shift away from citizen control. The same holds of course for the appointment of a Commissioner for “Communication Strategy” – a post created by Commission President Jose Manuel Barroso. No such Commissioner can make the EU more democratic. Such a position reminds one of George Orwell and his “Ministry of Truth” in *1984*.

Instead, such a federation would, for example, have to reconsider the dogma of the *single market* which completely neglects the cultural “embeddedness” of economies. This does not mean that the single market (or the euro zone) would have to be abandoned. Rather, it just would have to be adapted to the many very different economic cultures (state/private, ecology/profit, cohesion/competition etc.) which exist in Europe. The *single market* simply needs more cultural flexibility. Certainly, with such objectives a number of economic competencies would have to be transferred back to the national or regional level. On the other hand, there are important tasks that presently are jealously guarded by EU member states but that in a democracy friendly supranational federation would have to move to common institutions. One such area is defence and security of the Union. The present as well as the arrangements suggested by the Constitution are highly undemocratic, because they leave defence against the wish of the majority of Europeans (see Eurobarometer) and partly under the control of a non-member (USA) and make it at the same time a subject for horse trading. Undoubtedly, a single defence and security policy would look different from what we see developing today. Further, the European Parliament in such a federation would not be crippled but would become a fully fledged democratic institution, though probably with a smaller number of areas to decide on (principle of subsidiarity). In any event, only after such a re-engineering of deep structures could the political criteria so emphatically demanded today from members and prospective members alike be met.

## Summary

The small states which in the past have been praised for their balanced economies, social cohesion and innovative power are still doing remarkably well in the EU context. At the same time, it cannot be overlooked that major pillars of their previous success (e.g. social partnership, welfare-state consensus) are increasingly crumbling under EU influence. One of these crumbling pillars is “democracy”. Although the EU claims democracy as one of its central values, it continuously erodes the circumstances under which democracy can be successfully practiced. Citizen democracy based on a public space of information and opinions is increasingly replaced by bargaining and voting among state representatives in obscure councils and expert panels. The Constitutional Treaty will not solve this problem but rather will strengthen the existing autocratic pattern. However, the small states are already in such a disadvantaged position with respect to power that it does not matter whether, for example, the European Parliament gets a little more or a little less to say in the making of EU regulations. The main problems of the small state in the EU derive from the search for standardization inherent in this supranational organisation, which deprives the small state of its advantages (historical, cultural, geographical etc.). Whereas more power to the European Parliament could be a proper response to the “democratic deficit” at the EU level, it would further alienate the electorate of small states. Hence, to secure democracy for the small state in the supranational framework of the EU the emphasis must not be on voting weights or number of delegates but on elements which secure the unique values and interests of the small states which often are the base of their competitive advantage. From the four scenarios identified in this analysis, a “federation” with highly flexible structures and policies would probably be the best solution to secure the interests and advantages of small states. In such a federation the policy areas under supranational competence would have to be carefully chosen but then subjected to the rule of a full fledged European Parliament with democratic legitimation.

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