Democracy in the European Union: The Problem of Political Capacity

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Throughout a distinguished academic career, Manfred Schmidt (1996, 1999, 2002c, 2006) has always been concerned with the performance of democracies, which he sees as an eminently political matter, deeply conditioned by the quality of partisan political competition, but also dependent on the institutional structures superintending governance. His most famous works examine the effects of governmental structures on the extent to which party competition conditions public policies. By and large, he finds that partisan effects are more pronounced in majoritarian forms of democracy, thereby enhancing lines of accountability to the electorate, but that non-majoritarian forms have other advantages, for instance, for ensuring social cohesion and political stability (cf. Lijphart 1999; Armingeon 2002). Marked by scrupulous empirical research and discerning theoretical insights, Schmidt's work sheds light on important questions about the institutional prerequisites for effective democracy

In this essay, I take up some of these questions at a level above the nation-state, namely, in the contemporary European Union, with an emphasis on the political dimensions of democracy inspired by Schmidt's writing. The European Union (EU) is now a crucial component of governance in Europe. With wide powers over trade and economic regulation, especially among the seventeen member states that share a common currency, and growing authority over justice and social affairs, its shadow looms large over many fields of policy-making. Even when the EU has not adopted an official policy, the prospect it might do so can influence national initiatives, and national policy-making has changed in many spheres to accommodate the need to negotiate new regulations with other member states. In many cases, the effect has been to shift the locus of power over policy away from departments and the domestic constituencies to whom they normally respond, toward ministerial cabinets and inter-ministerial committees that can coordinate negotiations across policy areas at the EU level (Smith 2004). Europe has acquired a novel system of multi-level governance that is dramatically altering the ways in which policies are made (Hooghe and Marks 2001).

Is this a sufficiently democratic system of governance? Has the development of the EU enhanced or eroded the quality of democracy in Europe? These questions have elicited deep controversy among academic analysts and the citizens of Europe. Like many other scholars, Schmidt has noted (in 2002c: 158) that "the structural democratic deficit of transnational policy making in the European Union…is a major unsolved problem for all member states…"

After efforts to secure a similar constitution for the EU failed, the Treaty of Lisbon was presented by its proponents as a response to such concerns. At a triumphal moment when the last of the twenty-seven members of the European Union ratified this Treaty in 2009, the President of the European Commission declared that the EU had finally been given "the tools we need for a more efficient, coherent and democratic Europe" (Barosso 2009). In some respects, that was correct. By strengthening the position of the European Parliament and, to a

lesser extent, national parliaments, the Treaty increased the influence of elected legislators in EU decision-making, accelerating trends that have seen power flow gradually from the European Commission and Council to the Parliament.

Those who argue that governance in the European Union is adequately democratic have a powerful case. Andrew Moravcsik (2002, 2008), one of the most influential exponents of that view, makes a series of telling points. He argues that the ambit of the EU remains relatively limited: on some estimates, it is responsible for only twenty percent of the legislation passed in Europe (Siedentop 2001). Given the small size of its budget, most of the actions taken by the EU are regulatory measures, and the processes whereby regulations are made in the member states are not significantly more open to electoral contestation than corresponding processes in the EU (Majone 1996).

The procedures for decision-making in the EU, where major initiatives have to be approved by the European Council and Parliament and Commission, contain more checks and balances than corresponding procedures in many member states; and the process of discussion that precedes these decisions is often lengthy, leaving ample room for negotiation with the affected interests. The heads of government sitting on the European Council and many of the ministers on its subsidiary bodies are elected representatives of their nation, and members of the European Parliament have been directly elected since 1979. Measures that would extend the power of the EU typically require revision of its treaties, subject in many countries to referenda. Many citizens trust EU institutions as much, if not more, than their national political institutions. From this perspective, decision-making in the EU is relatively democratic, especially when assessed against the quality of democracy in its member states rather than against unrealistic ideals. There is much to be said for this position.

However, defenses such as these run up against the fact that, in the real world of electoral politics, there is considerable discontent with the quality of democracy in Europe. Net support for the EU measured by the percent saying that the EU is a 'good thing' minus those saying it is a 'bad thing' rose steadily during the 1980s, from a low point of about a thirty-three percent at the beginning of that decade to almost sixty-six percent at its end, but then declined through the early 1990s to fluctuate around 50 percent in the first decade of the 2000s, well short of a resounding endorsement. Recent opinion polls show that significant portions of the European public do not consider the EU especially democratic (Eichenberg and Dalton 2007). Only thirty percent of Europeans believe the EU is sensitive to the concerns of the citizens of their country or that their own voice counts in the EU (European Union 2010). A growing number of political parties, often on the radical right or left of the political spectrum, have been able to exploit this discontent to mount appeals that are hostile to the EU and its expanding powers (Hooghe *et al*. 2002). These developments constitute challenges to the political legitimacy of the EU that cannot be ignored.

The result is something of a paradox. On the one hand, many features of the EU indicate that it is decidedly democratic in its operation. On the other hand, on standard indicators, it is not seen as democratic by many of its citizens and there is manifest discontent with how it operates among some of them. How is this paradox to be explained? What does it imply for the quality of democracy in the European Union?

The shape of democracy in the EU

To answer these questions, we need to look into the meaning of democracy and at the evolution of the European Union over time. By doing so, we can move beyond some of the standard debates about whether the EU is democratic or not to see that, while EU institutions are democratic in broad terms, they lack some of the key features that make democracy an effective system of governance. In large measure, that is because the institutional reforms undertaken by the EU do not yet match changes in the scope of its operations that have taken place since the Single Europe Act of 1986. Democracy is a multidimensional concept, and effective democracy demands more than formal democracy. Although scholars have long debated precisely how it should be defined (Dahl 1989; Held 1999), for these purposes, we can distinguish four dimensions of democracy.

First, a democratic political system is one that guarantees people the basic rights of citizenship, such as the right to free speech, to organize on behalf of political causes, to vote, and to turn out the government in an election, as well as the legal protections associated with due process, equality before the law, and security of person and property. Judged by this criterion, the European Union is clearly democratic and an important force guaranteeing such rights across Europe. The European Court of Justice has become a bulwark underpinning the rights of citizenship in Europe, and the Lisbon Treaty enhanced this aspect its role by incorporating the Charter of Fundamental Rights into the constitutional apparatus of the EU. In these respects, the EU speaks to the protection of minority rights, long seen as a basic component of political democracy.

The analogue to minority rights, widely seen as the second key dimension of democracy, is majority control. A democratic political system is one in which laws and regulations are made or overseen by representatives elected by majority vote of the people. The American journalist, E.B. White, articulated this principle in memorable terms when he said that 'democracy is the recurrent suspicion that more than half of the people are right more than half of the time.' On this criterion, too, the EU must be seen as democratic. Its legislation is vetted at least twice by elected representatives, once by the European Council, whose members come from the elected governments of the member states, and again by the European Parliament directly elected in those states. By enhancing the powers of the Parliament, the Lisbon Treaty reinforces this principle.

Institutions providing for majority control and the protection of minority rights are arguably the most important features defining a democracy. Because the EU has both, in formal terms, its institutions are built on democratic principles. However, we should distinguish between formal and effective democracy. Formal democracy does not always guarantee effective democracy, by which I mean governance that is responsive to popular opinion and seen to be so. Securing effective democracy is important but because this responsiveness enhances the legitimacy of governance and hence the stability of the political system in the face of conflict and challenge.

Two further characteristics are crucial if formal democracy is to translate into effective democracy. First, there must be clear lines of accountability running between the governing authorities and the people. By this, I mean that electors should know whom to hold responsible for legislative acts of consequence, and they should have periodic opportunities at the ballot box to reward or punish those responsible for such acts.

Second, the governing authorities should have what might be described as 'political capacity' – understood as the capacity to mobilize consent among the electorate for difficult decisions. Pierre Mendès-France famously said that 'to govern is to choose' but governing involves more than choosing one line of policy among several. It also entails mobilizing consent for that choice among those affected by the policy (Beer 1966). In essence, that entails forging compromises, not only among elites whose support is necessary to adopt the policy, but among the wider social groups concerned about policy. There are two ways in which to mobilize consent. In some cases, that can be done through negotiation with organizations representing those groups, such as trade unions and employers associations (Berger 1983). In general, however, it entails managing and winning a public debate that mobilizes public opinion behind the policy. By invoking this concept of political capacity, I am suggesting that effective democracy entails governance by authorities who are not only responsive to the will of the people but capable of shaping the will of the people so as to reconcile them to the government's decisions. These processes underpin the legitimacy of the public authorities and ultimately the stability of any democratic system of governance.

There is support for these propositions in the history of democracy in Europe. Although most of the European polities adopted the trappings of formal democracy in the late nineteenth and early twentieth centuries, some democracies proved more durable than others. Ertman (1998) argues that the key to their stability was the development, by the onset of World War I, of stable party-centered government which means, in my terms, that stable democracies were those that had developed clear lines of accountability and a manifest political capacity.

For various reasons, although equipped with some of the trappings of formal democracy in the late nineteenth century, neither Germany nor Italy were able to develop the means for effective democracy that time. In the Second Reich founded in 1871, although the legislature was elected by universal adult male suffrage, it lacked clear power over many spheres of policy-making. In particular, a second chamber representative of state governments and dominated by Prussia, held veto power over many policies and was susceptible to manipulation by a Chancellor appointed by the crown, presiding over a powerful civil service (Rosenberg 1964; Wehler, 1985). Despite the elected legislature, governance in Germany was dominated by elites operating in a system presided over by an unelected Chancellor and complicated enough to obscure the lines of accountability.

In institutional terms, the political system of the first Italian Republic was formally much more democratic. The locus of power lay in an elected legislature which chose the prime minister and government. However, Italy lacked well-organized political parties capable of commanding the votes of large segments of the electorate. As a result, legislative politics was dominated by disputes among factions, which frequently brought down governments only to produce new ones not much different in complexion, blurring the distinctions even between the political left and right (Salomone 1970). The result was what became know as the politics of *trasformismo*, as governments on one side of the political spectrum were readily 'transformed' into governments on the other side, without any intervening reference back to the electorate. Voters had difficulty knowing whom to hold responsible for policy and had no assurances that their votes would translate into a government responsive to their wishes.

During its initial decades after 1876, the political system of Third Republic France bore a striking resemblance to that of Italy. Its National Assembly was dominated by a factional politics that saw governments come and go in relatively rapid succession, without intervening

elections, giving rise to what was widely seen as a gulf between the people or *pays réel* and the political elites or *pays légal* (Hoffmann 1963). Not without reason, the Assembly became known as 'a house without windows'. However, French democracy overcame these drawbacks and secured enough stability to survive the turmoil of the 1920s and 1930s, largely because the Republicans and then others on the left devoted themselves to improving their political capacities to mobilize the electorate, gradually producing parties organized enough to become the fulcrum for meaningful electoral competition (Wright 1995).

Although necessarily brief, this overview suggests that democracy effective enough to command the support of the people in bad, as well as good, times depends upon the development of clear lines of accountability and what I have called political capacity. In these historical cases, that turned not only on the nature of democratic institutions but on the development of systematic electoral competition based on parties organized enough to command the votes of large numbers of electors across regions and social groups.

From this perspective, while formally democratic, the European Union lacks the means for effective democracy. The elaborate process of co-decision on which institutional reform in the EU has been built is so complicated that few within the electorate know whom to hold responsible for the decisions made by the EU. Those decisions emerge from a complex bargaining process, which often gives organized interests some leverage over the results but leaves many voters unsure whom to reward or punish for those decisions.

In much the same way, the European Union has developed formidable capacities for shaping compromises among national elites. But it has not acquired the political capacities to shape the will of the mass public. For the most part, the Union relies on heads of government to mobilize consent for its decisions, and they are well-placed to do so as the most prominent political figures in their nations. However, although usually happy to take credit for EU decisions that are already popular, as often as not, they are reluctant to spend valuable political capital arguing for decisions with which a significant segment of their electorate disagrees, since the assent of their electorates is not required to pass those decisions. Instead, many are tempted to hide behind the smokescreen provided by the complicated decision process of the EU and blame unpopular decisions on it (Hall 2006).

Although the members of a large European parliament make some effort to mobilize consent for the decisions they support, the Parliament lacks figures with cross-national political appeal and in many cases its members lack national political stature as well. Although the organized political groupings of the Parliament are gaining cohesion and leverage, as yet, they are not widely recognizable to the European electorate in terms that would allow them to bear clear responsibility for policy (Hix 2008; Evans and Vink 2010). As the case of Jacques Delors indicates, in principle, the President of the European Commission can play this role, but he has been the exception that proves the rule that few Presidents are able to do so (Ross 1995).

These features of the European Union are not coincidental. In many respects, the limitations on effective democracy in Europe today reflect the distinctive trajectory of the EU. For the first twenty-five years of its existence, from the Treaty of Rome in 1958, the European Community was not highly visible as a political enterprise. Designed to preside over the expansion of trade and the protection of agriculture within the Community, its institutions were seen as largely bureaucratic and its ambit relatively limited. Making a virtue of necessity, the officials of the Community deliberately presented what they were doing as a technical enterprise, embracing the principle that decisions should be made on scientific grounds, so

as to undercut the legitimacy of arguments from national interest and facilitate compromises among the member states. The European Community presented itself, not as a body arbitrating among social interests in fundamental conflict, but as one that made decisions largely on technical grounds, choosing the most efficient course of action. These principles were exemplified in the guidelines given to committees of the Council (Joerges and Neyer 1997). It is testament to the continuing grip of longstanding ideas that many European officials continue to present the EU and to justify what it does in these terms.

In recent years, efforts to make the EU more democratic have built on existing institutions, which mean they have generally taken the form of reforms to the co-decision procedure. A set of institutions based on elite decision-making has been refined to enhance the processes that make compromises among national and transnational elites possible. On the one hand, those reforms can be seen as democratic in that they have gradually increased the influence of a directly-elected Parliament. On the other hand, because of the complexity of the co-decision procedure, the largely-inadvertent effect of these reforms has been to obscure even further the lines of accountability linking the decisions of the EU to the electorate.

These features of its decision-making procedures in themselves limit the extent to which the EU is an effective democracy. However, the problem has been made worse by the trajectory of developments in what the European Union does. Since the initiative to create a single European market in the 1980s, the ambit of the EU has expanded enormously to cover more and more regulatory spheres. In many of them, its regulations have durable effects with prominent distributive dimensions (Mény 2009). Two key consequences follow from this. First, within domestic arenas, the political visibility of the European Union has increased dramatically. It is now an object of active political contention. Second, many of the decisions the EU makes are no longer technical efforts to improve trade relations among its member states. They are regulatory measures that impose costs one some groups, while conferring benefits on others; and, in many cases, they speak to issues about which large portions of the European electorates have strong and conflicting positions. In short, the EU now deals with a range of issues that make new political demands on it – and, in particular, the demand to reconcile competing social groups to policies that distribute well-being among them. These are eminently political tasks.

In large measure, however, these are tasks for which the EU is not well-suited. As I have noted, it lacks powerful means for mobilizing political consent. In the eyes of many people in the polities of Europe, European institutions do not seem responsive or accountable, and thus people are reluctant to trust the fairness of its decision-making. Moreover, the technocratic ethos that many EU officials still use to justify their policies is not adequate to the task of legitimating policies with prominent distributive dimensions. Policies can be justified on efficiency grounds when they offer benefits to all and the main problem is to decide how best to secure those benefits. When those benefits come only in the very long-term, if at all, however, and impose disparate levels of costs on different social groups in the meantime, it is not enough to argue that the effect of the policy will ultimately be efficient. Policies must also be presented as fair and in keeping with the longstanding ideals of the relevant polities. The official ethos of the EU remains technocratic, while the issues with which it is now dealing have become increasing political.

The development of a significant division of labor between the EU and national governments, in the years since 1958, has exacerbated this problem. As Polanyi (1944) argued some

decades ago, two of the principal tasks of modern states are to create competitive markets and to temper their adverse effects with protective regulations and redistribution. In Europe, as we all know, responsibility for these tasks has gradually been divided. It has become the task of the EU to make markets, and the task of national governments to temper their effects (Scharpf 1999). To some extent, this division of labor has been present since the European Economic Community was founded, but the situation changed profoundly during the 1980s and 1990s, when the drive for a single European market gave the EU a powerful new role as an agent for market liberalization, while the member states reserved to themselves authority over increasingly-large social policy regimes.

From a political perspective, these developments pose problems for the EU. Although more intense market competition often offers diffuse social benefits over the long term, in the short term, it imposes concentrated costs on those who had once been protected from it. When a political agent can increase market competition and at the same time offer compensation to those who suffer ill-effects from it, that agent is in a position to forge effective social compromises. But the political division of labor in Europe has inhibited the development of such agency (Ferrara 2009). Thus, the EU tends to bear the blame for liberalization, while national governments reap the credit for corresponding measures of social protection.

As a result, as the political visibility of the EU has risen, its image as a political object has changed for the worse. No longer seen mainly as a vehicle for continental peace and gradual economic progress, it is now viewed by many people as the agent imposing market liberalization – a process that creates clear winners and losers, as those with few marketable skills or assets suffer from more intense competition. In this context, the EU has become a natural target for coalitions of the losers and those who fear potential future loss from more intense market competition (Eichenberg and Dalton 2007; Kriesi *et al.* 2009).

In sum, the EU is now in the business of distributing gains and losses across the electorates of Europe without the institutional mechanisms that would make it clearly accountable for doing so or the political capacity to mobilize consent for such measures. Many issues of the sort that now preoccupy the EU can be decided without a political backlash only if they are resolved via a process that forges social compromises among the affected interests. For small matters affecting one or two sectors, the EU is equipped to do this. Its institutions are effective at forging compromises among economic or political elites. But some of the matters it now takes up speak to the interests of large social groups in the mass public, whose members see the EU as a remote enterprise, insensitive to their interests. This is how the paradox of democracy without legitimacy is to be explained. Even though the EU has become more democratic, it has aroused increasing popular discontent because of the shape of its democracy and the standard criteria that are often cited to justify its decision-making – legacies of the past ill-suited to the temper of new times.

The avenues forward

Where might the EU go from here? This is a salient question because the European Union has always been a work in progress. If many European states have relatively settled constitutions, the European Union has a multifaceted set of ambitions for which it is constantly striving to find the right institutional form. Time and again, its leaders have been able to find new avenues out of seemingly intractable crises. Therefore, although constitutional reform is off the

table for the moment, there is every reason to expect the EU to have a different institutional shape thirty years from now. There are three routes the EU might conceivably follow to address the issues of democratic representation confronting it. Without knowing which is the most likely, let us consider the shape each might take.

The most straightforward approach the EU could take to the problems outlined here would be to enhance its political capacities, namely, its capacities for mobilizing consent among the European electorates, strengthening the lines of accountability that run between those electorates and the decisions that it takes. Many analysts argue for reforms aimed at this end and there are good reasons to expect some such developments. At their heart would be steps to enhance the electoral profile of EU officials.

As Hix (2008) and others have noted, the natural route toward such an outcome would entail strengthening the party groupings within the European Parliament, simultaneously increasing their internal discipline and raising their profile with the electorate. Inside the Parliament, party cohesion has already grown in recent years and, as the influence of the Parliament increases in line with the new co-decision procedures specified by the Lisbon Treaty, incentives for parties to maintain such discipline will rise. They can exercise more influence if their members vote together.

One of the principal obstacles to such developments, of course, lies in the limited power of the Parliament. The electorate is more likely to see these party groupings as important if they have direct and visible influence over the Commission or Council of Ministers. Here, the step of embryonic importance would be for each party to nominate candidates for the presidency of the European Commission prior to European elections, so that voters could believe that they are electing not only members of the Parliament but the most prominent official of the European Union itself. In the first instance, it is too much to expect many voters to find this an exciting prospect; but, if the results seem consequential, over time, such steps may enhance the profile of the European party groupings and their salience to elections that are currently rarely more than referenda on the current popularity of national governments.

An alternative step along a similar route would be institutional reform that turns the Presidency of the Commission into a position directly elected by European voters, presumably in the context of elections to the European Parliament. At one stroke, this would give the EU a political figure directly responsible to the electorate, both symbolic of the accountability of the EU to the voters and well-placed to initiate the kind of debate that ultimately mobilizes consent. If this President had no connection to the party groupings in the European Parliament, his power would be limited, but those groupings would likely nominate and campaign for candidates, increasing the electoral profile of the party groupings and creating something akin to a European government directly responsible to the voters.

Although this kind of reform would enhance the political capacities of the EU, the governments of the member states would have to approve such an institutional change, and they are a potential stumbling block. Many would be reluctant to see the Commission become more influential vis-à-vis the European Council, as it surely would if its President were directly elected. Governments with qualms about further European integration might be especially concerned about reinforcing the profile of a President who would likely be an advocate for integration. On such issues, the sensitivities of the member states were apparent when the Lisbon Treaty created the new position of President of the European Council. As the first incumbent, they chose a politician better at forging elite compromises than at mounting popu-

lar appeals. However, movement on such fronts is not inconceivable. When the EU is unpopular, most member governments suffer some electoral backlash as well. Thus, some might see this reform as a step that could ultimately be in their interest.

A second route forward would see the EU and its member states adjust the division of labor that currently assigns market-making to the EU and social protection to the member states. Measures that give the EU access to popular policy instruments, such as programs of social benefit, could enhance support for it. More important from the perspective outlined here, steps of this sort would also enhance the capacity of the EU to negotiate social compromises that mobilized consent for market integration by offering some groups side-benefits or protection from its most adverse effects.

The political impediments to this kind of reform are obvious. The member states are reluctant to cede revenue streams or taxing power to the EU, especially when that would transfer jurisdiction over potentially-popular programs away from them to the EU. At present, national electorates also have little appetite for measures to redistribute resources across Europe, as the northern European reaction to efforts to resolve the debt crisis in southern Europe indicates (Hall 2012). Ferrera (2009) argues, however, that initial steps in this direction need not entail major shifts in social expenditure. Instead, efforts might be made to create a 'European social space' in which the EU takes initiatives in areas where members states have difficulty acting alone or might be willing to cede some authority to advance the economic success of Europe as a whole. Programs to improve the skills and educational attainment of the European workforce could be one focus of such efforts.

Although it is difficult to imagine radical steps in this direction in the near future, there are precedents for cooperation among the member states in areas tangential to social policy. Recent years have seen an expansion of cross-border pension provisions, and there has already been substantial cooperation, outside the aegis of the EU itself, on higher education issues. Once again, the governments of the member states might gain indirectly from blunting the image of the EU as an institution focused mainly on market competition and by taking action to address contemporary concerns about social cohesion.

A third and different route out of these dilemmas is also conceivable. Instead of reforms to the practices of the EU that bring them more in line with those of effective democracy, instead, the coming years could see changes in popular views about democracy, which might redefine democracy in terms that lend greater legitimacy to European institutions without requiring any radical institutional reform. At issue here are the attitudes of the electorate and of the media commentators and scholars who influence them (Vliegenthart *et al.* 2008).

I have argued that, when difficult decisions must be made, the legitimacy of governing institutions turns on the presence of clear lines of accountability that give the electorate a sense of who is responsible for policy and opportunities to pass judgment on them. The history of Europe suggests that stable democracy has most often been built on political institutions and parties satisfying these requirements and on institutions with the political capacity to mobilize consent. However, Pierre Rosanvallon (2011), one of Europe's most discerning analysts of democracy, has argued that these may not be immutable prerequisites for democratic legitimacy. He notes, quite rightly, that the principle of 'majority rule' was always a fiction: majorities do not really rule – at best their representatives do – and the concept, important in many parts of the continent, that governments reflect a 'general will' is also a fiction, useful for purposes of legitimation but practically impossible. If majority rule is simply a fiction, it

follows that other fictions can be devised for the purpose of legitimating a political system, and Rosanvallon (2011) argues that such new conceptions are now emerging.

In the context of debates about democracy in the EU, the core elements of the new vision that Rosanvallon moots are striking. He contends that, in contemporary discourse, the political legitimacy of a decision is increasingly associated with how well it meets three criteria. The first is a criterion of *impartiality*. We judge a decision legitimate if it is made by authorities who are uncorrupted by the pleading of special interests. The second criterion is *reflexivity*. We judge decisions legitimate when they have been made by a set of institutions that contains many checks and balances, so that multiple sorts of concerns are taken into account when the decision is made. The third criterion is *proximity*. We are more likely to deem a decision legitimate if the interests of those affected by that decision were taken into consideration when it was made. This account formalizes a set of principles that have wide support today.

If Rosanvallon is correct that these are the terms now widely used to judge whether a set of political institutions and the policies it produces are legitimate, this bodes well for the European Union, because its institutional practices conform relatively well to these three criteria. In this context, the technocratic ethos of the EU, which has long emphasized the impartiality of its decision-making, becomes an advantage. The complexity of the co-decision procedure can also be seen as a basis for legitimacy, since it embodies a multifaceted system of checks and balances. On the criterion of proximity, the EU fares less well. Many of the objections ordinary people voice to the EU reflect concerns that it does not take their interests into account when making policies affecting them. In theory, however, the EU endorses this principle. Its officials go to great lengths to consult with the organized representatives of interests affected by its regulations; and the EU could take steps to bring its decision-making even more closely in line with such criteria.

This schema provides a roadmap for one route through which the political legitimacy of the EU might be strengthened. By extending the measures it has already adopted to secure greater transparency in decision-making, the EU could provide more assurances that its processes conform to these principles. Further procedures might be devised for enhancing the proximity of its decision-making to unorganized as well as organized interests. To take this route would, in effect, involve promoting a new set of 'fictions' about democratic decision-making; and the principles that Rosanvallon proposes should be congenial to many EU officials. Indeed, the ideology and practices of the EU are surely a background influence on this conception of legitimacy.

Conclusion

Several conclusions follow from this analysis. First, debate about the 'democracy deficit' in Europe is far from over. Despite the efforts reflected in the Lisbon Treaty to address such matters, concerns about democracy in the EU have been intensified by efforts to resolve the Euro crisis and are likely to continue for years to come. Second, by virtue of the very nature of the EU, there is no simple solution to this problem. If the EU were a nation-state, we could debate the merits of majoritarian versus consensus institutions, based on the shape of the European *demos* and the problems it confronts. But the EU is a novel political form, composed of member states that are willing to pool some sovereignty but reluctant to part with a great deal of it. Therefore, they cannot but look with skepticism on measures to enhance the lines of po-

litical accountability running between the EU and national electorates, because reinforcing those is likely to strengthen the EU at the expense of national governments. Over the long-term, the political power that flows from deep connections to the electorate is a weapon that can be wielded against competing jurisdictions.

The most sanguine views of these dilemmas make much of the fact that majoritarian democracy is the exception rather than the rule in Europe. As Schmidt (1996; 2002a) reminds us, many European states share power among multiple levels of government and many governments negotiate policy within complex multi-level coalitions. Neo-corporatist politics is still practiced, as a politics of negotiation not unlike the politics of the EU (Schmitter and Lehmbruch 1978). There are more than a few respects in which the EU looks like Germany operating under a Grand Coalition (Schmidt 2002b). The EU also gets the job done. The occasional scandal aside, governance in the EU is widely seen as fair, uncorrupt and relatively efficient. In large measure, it meets the kind of criteria for legitimacy that Rosanvallon associates with policy-making in the twenty-first century. Despite prominent debates about it, the crisis of democracy in the EU is simmering rather than boiling (cf. Crozier *et al*. 1974).

However, if my diagnosis is correct, European institutions are inadequate to the challenges they face in the years ahead. The nature of the European project has changed from one focused on the creation of a loose free trade zone to one dedicated to the liberalization and reregulation of markets. But European institutions have not evolved in commensurate terms. From the position of a technocrat, the liberalization of markets may seem like an endeavor promising enough common benefits that the only problem is how to resolve most efficiently the collective action dilemmas that stand in the way of getting there. In reality, however, this kind of liberalization project redistributes resources across sectors and social groups so profoundly that it creates deep distributive dilemmas to which there is no technocratic solution (Mény 2009). In some cases, the side-effects privilege the old vis-à-vis the young; in others, they throw people lacking highly-marketable skills into unemployment or low-grade jobs for the rest of their lives. Matters such as these cannot be decided on efficiency grounds. They invoke fundamental issues of fairness, bound up with longstanding visions of social justice, and that is the stuff of which politics is made. Deals have to be struck to ensure that those who lose from reform secure compensation. People have to be persuaded that they had an equal voice in the disposition of such matters and have an equal chance to succeed in the face of such reforms. Absent assurances about that, popular discontent and distrust will rise, and few will see the overall enterprise as legitimate.

For that reason, one cannot be confident that a new set of fictions built around existing institutions could see the EU safely through the shoals of the coming years. These issues are most intense in the Eurozone, where the financial crisis has exposed as a myth the notion that monetary policy is a purely technical matter best left to central banks independent of the political authorities (Hall 2012b). Monetary policy implies fiscal discipline and fiscal discipline is about the allocation of resources among generations and social groups. It can be implemented only with political will, and that will cannot be manufactured by the institutions currently in Frankfurt or Brussels. It has to be mobilized by elected political leaders. But the EU has no durable elected political leaders – only officials, a mass of parliamentarians whose very number undercuts their visibility, and the heads of member states who rise only occasionally to the defense of the EU. This is not a sustainable basis on which to build a budgetary politics for Europe in the long-term.

In short, the EU may have to acknowledge openly what many of those who operate it already know: that many of its measures entail the redistribution of resources and political consent for such measures must be mobilized more effectively than it is now. Depending on national governments to mobilize that consent is a strategy that has succeeded only sporadically. Doing so effectively requires the development of further political capabilities within the EU itself. As I have noted, there is more than one way to do that, even if none is especially easy to achieve. However, for the European Union, the alternatives are either to endure waves of popular discontent that well up whenever hard times appear and are currently on the rise, or to retreat from the kind of ambitious projects it has sponsored in the past into a holding pattern that entails little forward movement in European integration. In the coming years, we will see which path is chosen.

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