

EU GOVERNANCE INNOVATION

Based on studies and brainstorming in the HLG Working Group on Governance Innovation and in the Montesquieu Forum ‘for re-inventing democracy’, preliminary suggestions for a discussion on EU governance innovation can be made.

1. Why is EU governance innovation required?

The current European Union (EU) is based on governance concepts, conceived after the 1930s depression and influenced by the post-war, historic, geographic, cultural, political and economic context and needs of Western Europe of the 1950s. They aim to manage collectively a limited number of mutual economic interests.

The ‘Community Method’ has served the original Member States well to develop a common and a single market and to set common standards for industry and services. It is now under pressure as a consequence of three developments.

First, the enlargement of the EU to countries from the so-called ‘Mitteleuropa’, from the former Soviet Union, and from the former Byzantine-orthodox Europe, each with a different contextual background, requires new thinking to move beyond the ‘Europe of Charlemagne’, towards a more inclusive approach in order to remain attractive to all citizens and to respond to current, more diverse geopolitical, economic, social and cultural conditions.

Secondly, the new and greater diversity as well as social and cultural changes resulting from widespread digitalisation and from education require deep thinking about the difference and the linkage between technocratic governance, required to create the infrastructures for economic growth, and democratic governance, required to respond to different peoples’ aspirations and perceptions.

Thirdly, governance methods have always been function of economic conditions. The current deep economic shifts towards a digital economy demand a re-thinking of governance methods developed for the industrial age. In particular, there is a need to maintain appropriate state income and to innovate the whole welfare state system on which social stability, national identities and economic growth are based.

The EU is therefore in need of more diversity and more responsiveness vis-à-vis the multiple and complex challenges, and opportunities, and the diversified preferences of citizens and their governments. There is also a need for better alignment processes between views, perceptions and interests. Doubtless, the centralist model of EU integration is unsuitable for the future.

The Lisbon Treaty reforms were path dependent and did insufficiently include these new realities. The multiple current problems of the EU and declining legitimacy result from this inadaptation of its governance system to new realities.



2. Which EU Governance innovation is desirable?

In order to manage the spill-over effects of market integration, the economic and social consequences of digitalisation, new issues not envisaged in original Treaties (such as climate change, migration and refugees, or cyber security) and the uncertainties of new geo-political conditions, restoration of checks and balances between the Member States and the EU institutions is required.

The original governance methods are unsuitable for steering policies in areas which are very different from market integration processes. The EU governance needs to be adapted to deal with these new common engagements, and to increased diversity and more rapid change. It needs strategic agility and bottom-up democratic legitimacy.

In the opinion of its experts, the ‘Community method’ can be maintained for market integration policy. But it should be more clearly limited to market integration and to setting common standards for agriculture, industry and services. The *acquis* of the Internal Market and the EMU must be preserved of course.

For all shared or own competences, a fundamentally innovative Open Method of Cooperation (OMC) could be elaborated in order to give the EU an additional well organised system of decision making through effective inter-governmental collaboration.

Such an innovated and better structured OMC should share following characteristics:

- Policy choices remain at national level. EU legislation is restricted to framework legislation.
- National policy choices are defined as matters of common concern and efforts are made to reach agreement on common objectives and clear benchmarks.
- Governments should present their plans for achieving common goals and expose their performance to peer review.
- Coordination and cooperation is voluntary and without formal sanctions.

In the new OMC, and under the Community Method, the rotating Council presidency would be replaced by a nominated presidency, following the current model of the Eurozone. The various Councils would each nominate a chair for a period of two years from among their members (or why not a former government member), to ensure more coherence and stability.

In the new OMC, the Commission would fulfil a coordinating role with the policies developed under the Community Method, in a role comparable to that of the NATO Secretariat General). This would require a process of organisational, managerial and cultural re-modelling.

Evidence based policy making and impact assessment should equally be applied, but become better streamlined, more coherent and inclusive. In general, EU policy and regulation innovation needs to be less path dependent and more inventive in order to capture the new complex economic, scientific and technological realities and to be effective for competitiveness and sustainability. This can be done by upfront consultation processes about problem definition, before proposal elaboration, which will facilitate alignment of views and interests and more creative solution finding.



A new OMC must ensure also more democratic legitimacy for the EU, which can only be done by deepening the involvement of national parliaments. New technologies offer the possibility for systemic consultation and virtual joint meetings between national parliamentary committees and their counter-part in the EU Parliament. Another way to improve democratic legitimacy would be the creation of a second chamber composed, as in the past, by members of national parliaments and chosen by them. This second chamber would be responsible for overseeing the policies dealt with under the OMC method.

In order to facilitate decision making, the qualified majority system should be used in the OMC as in the Community Method. In case not all Member States would wish to participate, a proportionally adapted version of this system can be designed using the same principle of qualified majority voting.

The right of initiative, now limited to the Commission, should widened, to the European Council in order to strengthen strategic policy making and to improve the checks and balances in the EU system.

To ensure smooth operation of such a renewed OMC, there must be more emphasis on building alignment through analysis exchange and deep thinking (a role for informal Council meetings), benchmarking and peer review. National governments should remain responsible for specific policy solutions, but they should do so by focussing on jointly defined problems and policy objectives, and they should consider their own policy choices within the framework definition of common European concerns.

Finally, a new narrative is required to restore the EU's credibility. It should come from the Heads of State and Government and their Chairperson. Having the wind in the sails means little, as Seneca said, if one does not know to which port one is sailing ('ignoranti quem portum petat nullus suus ventus est').

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