

# More and Better Governance

Putting the Citizen in the Focus

# BROKEN PROMISSES

“GLOBAL TRADE PRODUCES BENEFITS OVERALL  
AND, WHEN COMBINED WITH APPROPRIATE POLICIES ,  
THESE BENEFITS CAN BE SHARED WIDELY,  
BUT THESE APPROPRIATE POLICIES NEVER HAPPEN.”

KRUGMANN, WTO GLOBAL FORUM 2017

WTO Global Forum 2017

Roberto Azevêdo, WTO

” We drastically Underestimated people’s dissatisfaction with the status quo”

Christine Lagarde, IMF

“Include those excluded, improve the pace of adjustment and secure a rules-based system that provides a level playing field for all”

# France

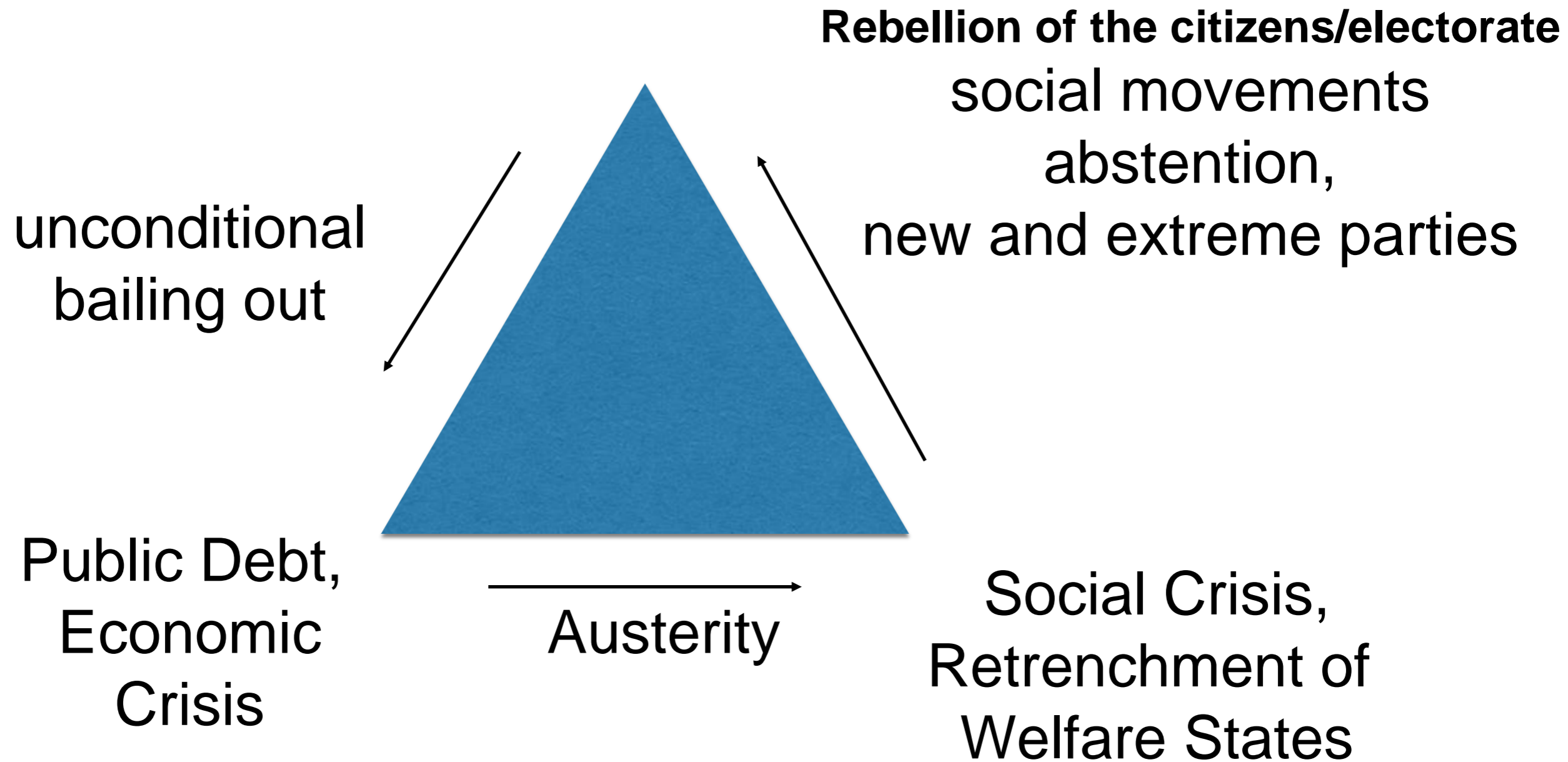
## 1 Round of Presidential Elections in France:

- **Catch all parties: Conservatives: 20 % (2012: 27.18%)**
- **Socialists: 6,36% (2012: 28.63%)**
- **New party: En Marche: 24%**
- **Radical Parties: Front National 21,3%**
- **Radical Left: La France insoumise 19,58 %**
- **Abstentions: 22,23%**

## 2 Round of Presidential Elections:

- En Marche 66, 10 % (20,743,128) :
- Front National 33,9% (**10,638,475 citizens**)
- Abstentions: 25.44 % or **12 Million citizens**
- **Non of the traditional parties came into the second Round !!!**

# Liberal Global(isation) Crisis



# REBELLION OF THE CITIZENS/ELECTORATE FROM OCCUPYING STREETS AND SQUARES TO OCCUPYING PARTIES, PARLIAMENTS AND GOVERNMENTS

MASS PROTEST, RISE OF NEW SOCIAL MOVEMENTS



ABSTENTIONS AT ELECTIONS

EROSION OF TRADITIONAL CATCH-ALL PARTIES



POLARIZATION OF POLITICS

MUSHROOMING OF NEW PARTIES: RADICAL LEFT, EXTREME RIGHT,  
POPULIST, NON -ESTABLISHMENT PARTIES AND GOVERNMENTS

# Broken Promises

## EUROPE

- instead of a shield against negative consequences of globalization,
- transformed itself into a transmission belt, accelerator for liberalization for neoliberal reforms : internal market, competition, financial market, trade policy, EMU,...)
- did not succeed to protect from the crisis

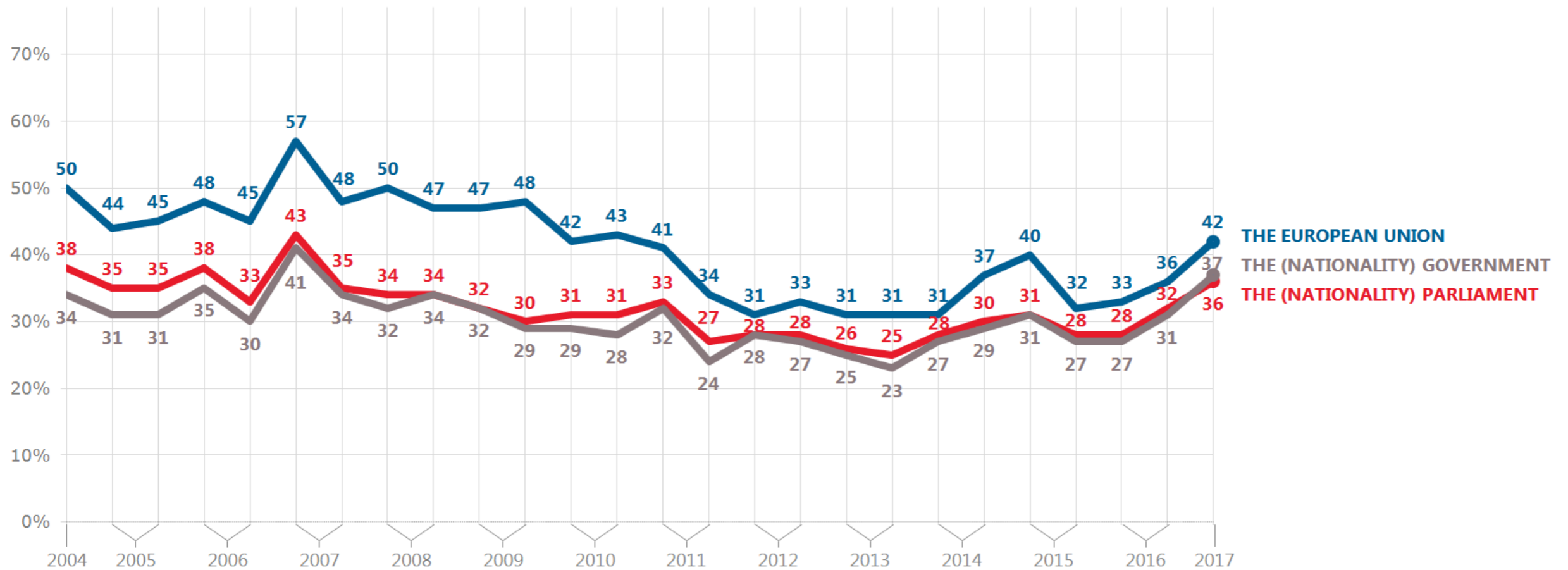


# Trust in political institutions

## Standard Eurobarometer 87/ Key Trends

**QA8a** I would like to ask you a question about how much trust you have in certain institutions. For each of the following institutions, please tell me if you tend to trust it or tend not to trust it.

(% - EU - TEND TO TRUST)



# CRISIS

- Accelerated negative impacts: employment conditions, living standards and welfare states cuts
- EU financial market regulation did not protect from crisis but contributed to the crisis
- incompetent and undemocratic crisis management - muddling through with high economic and social costs, simultaneous budget consolidation deepened the recession

# Economic and Monetary Union

Crisis exposed major flaws in the architecture of the EMU:

- Internal Imbalances (North -South)
- no instruments/procedures foreseen in case of crisis/shock and the possibility of sovereign default of an EMU country
- no lender of last resort

# Monetary Union with Coordination of Economic Policies

- Supranational Monetary Union and Intergovernmental Economic Policy Coordination
- Monetary competence transferred exclusively to the European Central Bank(ECB)
- ECB is independent and stability oriented: tied mainly to inflation objective (Federal Reserve: both inflation and employment), “light” accountability to the EP.

# Euro Area

- “Eurogroup”, Euro Zone Summits and Eurogroup = informal groups,
- Without procedures and tools for financial crisis, no lender of last resort: asymmetric power of strongest nation state (hegemony): dictate and impose the rules: Troika, 2-Pack, 6-Pack, Fiscal Compact:
- no formal accountability to the European Parliament, nor to national parliaments
- however: major decisions/ conditionality “delegated” to Troika (ECB, Commission, IMF): conflict of interest, EU institutions bound to EU law including Charter of Fundamental Rights

# Conclusions of Conference of European Parliament with National Parliaments

“There is an increasing sense of a double democratic deficit in an enhanced economic governance framework of the Union at both the EU and at national levels.”

# Democracy for creditor countries only

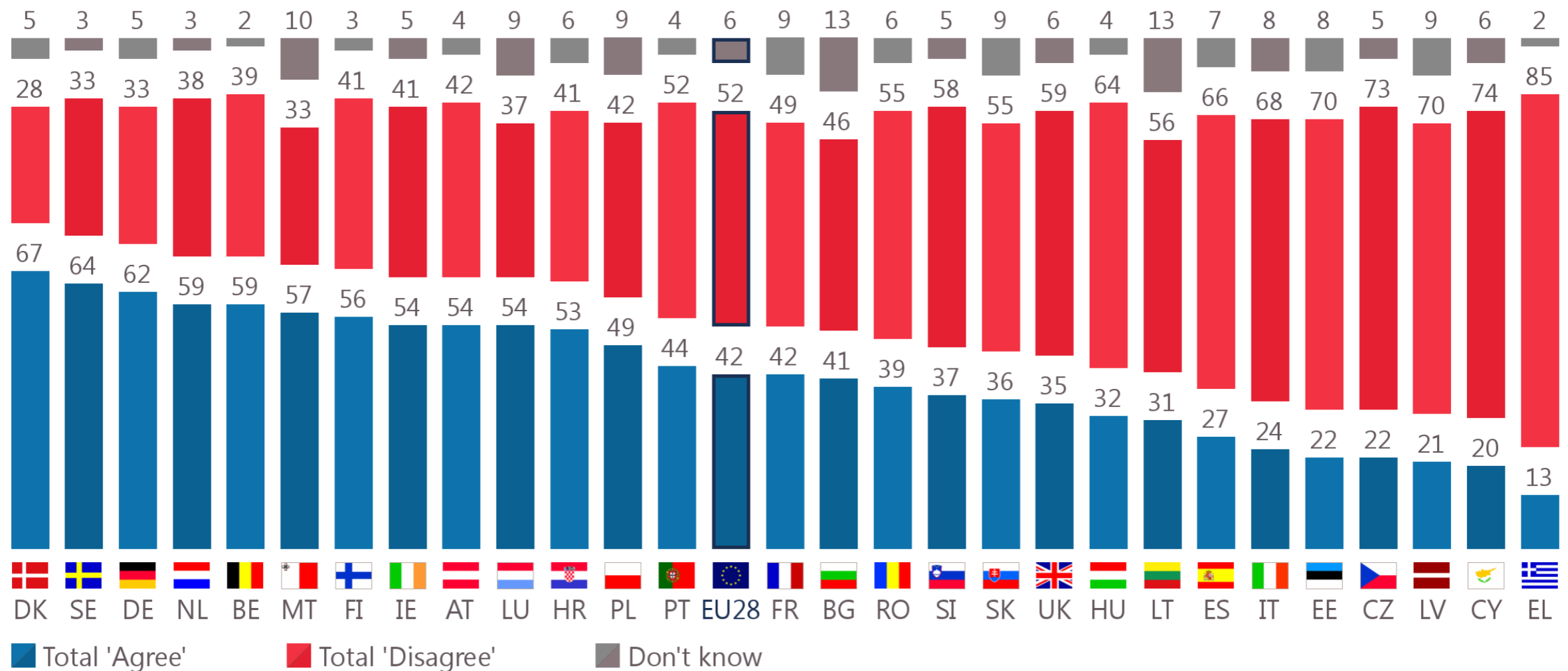
- Yes for creditor countries: the burden of adjustment was entirely put on the deficit countries: both in the obligation to bail out the banks and in terms of the policy mix they had to follow.
- Troika (effective government?) is elected by whom and accountable to whom?

# My Voice Counts in the EU

## Eurobarometer

**D72.1** Please tell me to what extent you agree or disagree with each of the following statements.

**My voice counts in the EU (%)**





# Conflict of Interests

- between the role of the ECB in the Troika as ‘technical advisor’ and its position as creditor and
- between the European Commission’s role in the Troika and its responsibility as guardian of the Treaties and the *acquis communautaire*

# Troika violating EU norms

“disregarding the negative impacts on employment, poverty, social cohesion and inequality,

in violation to the objectives of the European Union Treaties,

the EU strategies of Lisbon and Europe 2020,

the Charter of Fundamental Right of the European Union

and breaking various obligations of international law, notably ILO conventions and a number of human rights conventions. “

EP, Troika Inquiry Committee resolution

# European Court of Justice

Advocate General Kokott of the European Court of Justice confirmed that position in her view on Pringle, emphasising that

‘the Commission remains, even when it acts within the framework of the European Stability Mechanism, an institution of the Union and as such is bound by the full extent of European EU law, including the Charter of Fundamental Rights’.

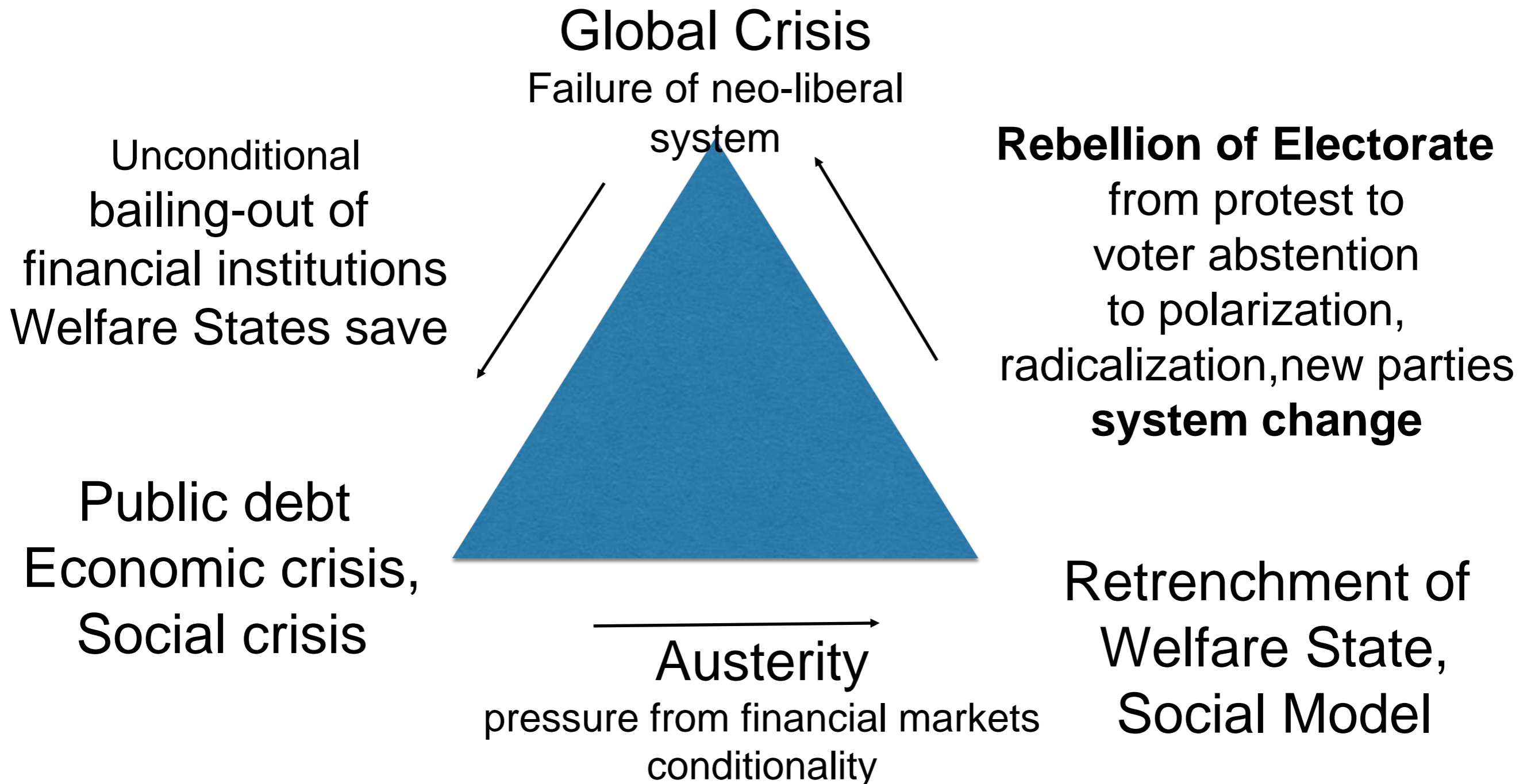
# output democracy

Europa engaged from 2011 in a policy of simultaneous fiscal contraction across Europe leading to severely negative economic and social consequences.

In 2013, the IMF admitted policy mistakes 'fiscal multipliers were substantially higher than implicitly assumed by forecasters'

The Commission's economic paper concludes "Optimal policy coordination in the euro area would have required a differentiation of consolidation efforts depending on the fiscal space to minimise the negative spillovers."

# Crisis of Liberal Globalisation



# Crisis as an Opportunity

- EU should become motor for sustainable and inclusive growth at EU and global level) - and
- return to an “embedded globalization” or “New Deal”

# Put the citizen at the focus

- Inclusive, transparent and fair trade system:
- Macron “put social and environment in the heart”
- consumer protection
- International Investor Dispute Court

# Social Dimension

- Social Compact to promote inequality
- Macron: Minimum wage according to economic conditions of each country/
- Minimum Income
- Equal pay for equal work in the same country
- use economic wellbeing indicators (OECD)



# Financial Market Regulation

- To avoid future financial crisis - complete Banking Union and improve financial market regulations (Brexit as a chance), push for global regulation
- Tax financial markets where added value is created (why finance should be excluded from taxation????) : FTT - realize FTT in EU and push it on a global level - also serves against speculations
- Corporate Tax - introduce minimum levels — fight against tax evasion- standardize tax rates - taxes should be payed where added value is created
- Fight against illicit money flows and tax havens within the EU and outside with sanctions

# Re-establish Conditions to Finance Social Inclusion

- Macron: Corporate Tax - introduce minimum levels — fight against tax evasion- standardize tax rates - taxes should be payed where added value is created
- Fight against illicit money flows and tax havens within the EU and outside with sanctions

# EMU Reforms

- Macron proposal of Euro Finance Minister-
- clear responsibility and accountability to the European parliament
- own Budget for Euro area - include EMS, also used Investment fund - growth initiatives
- assist Member States in the implementation of the agreed structural reforms
- create more resilience of the EMU against economic shocks and emergencies directly connected to the monetary union but this should not result in any form of permanent fiscal transfers;

# Democratize EMU

- change to Ordinary Legislative Procedure :co-decision
- EP in the configuration of an Euro Zone committee/chamber and
- improved scrutiny rights to national parliaments vis-a-vis their national governments

# EP Resolution on Troika

- (i) the establishment of clear, transparent and binding rules of procedure for Troika and the allocation of tasks, responsibility and accountability therein;
- (ii) the establishment of a 'growth task force' to suggest options to promote growth which would complement fiscal consolidation and structural reforms;
- (iii) a reassessment of the Eurogroup decision-making process, so as to include appropriate democratic accountability at both national and European levels;
- (iv) the integration of the ESM in the Union's legal framework, so that it becomes a Community-based mechanism
- (v) the creation of a European Monetary Fund (EMF),

## Introduce/ Strengthen “Inclusive and sustainable Growth” into the Statutes of ECB

- add employment / inclusive growth objective to the mandate of the ECB
- ensure stronger reliance to EU norms, objectives and the *acquis communautaire* including charter of fundamental rights
- strengthen scrutiny rights of EP over ECB
- stronger involvement of European social partners with ECB