

IS EUROPE REVIVING NATIONAL DEMOCRACY?

By Tom Arbuthnott

This document is the fifth output from the 'Next Generation Democracy: Legitimacy in Network Europe' project, which aims to:

- **Reinvigorate discussion about democracy in an enlarging Europe, working from 'first principles' of democratic participation rather than established hierarchies and institutions.**
- **Explore how citizens can interact with policymakers in developing a powerful analysis of the role Europe can play in solving problems of national democracy.**
- **Analyse how democratic debates can operate effectively across cultural, social, political and national frontiers, and link local-level government to European institutions.**
- **Establish an on-line practice of communication across countries, and explore how new media of communication can help in harnessing shared democratic values.**

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EXECUTIVE SUMMARY

The growing power of the European Union is commonly assumed to have resulted in a transfer of accountability from the national level to the European. It is often suggested, in the Convention and elsewhere, that the solution is for national parliaments to lend some of their credibility to the European Union through various mechanisms. However, it is doubtful whether they have a great deal of credibility to lend.

We need to turn the question on its head and think about the ways in which the European Union is increasing the accountability of national governments to their electorates. It is doing this by developing a set of comparable statistics which allow citizens to judge their own government's performance against that of others. In some ways, comparability can be seen as the new accountability in Europe.

This tendency is evident through, for example, Prime Minister Blair's commitment to raise British health spending to the European average before 2005, which takes the mean European level as a minimum acceptable performance level, a gold standard for good government in the EU. President Chirac and Chancellor Schroder have made similar commitments in France and Germany.

These effects are happening anyway. But they need to be brought under control. Where good use of comparative statistics can be a helpful force in holding national government to account, it could also easily turn into a negative force.

- **Comparing like with unlike.** This is clearly a danger in the European political context. In many cases, systems are so different that international comparisons are based on very different data. As such, the value of these comparisons lies in **change over time**, rather than **absolute position** in the EU league.
- **Using output rather than input indicators.** Given the difference in national systems, it is only really helpful to compare results rather than spending. The amount of money spent on health may not be the best indicator to use in this field, for example.

The power of the European average needs to be scrutinised. The logical body to play this role is the European Parliament, which has the degree of pluralism and the link to national party systems. If national governments are to be judged on their performance, it is more credible if criticism comes from the European Parliament, based on a Court of Auditors or Commission report, rather than from either of those bodies themselves.

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SECTION ONE: INTRODUCTION

Governments, at national level, seem to have lost the confidence of the people they represent. People mistrust politics, politicians, and the news media they read more than ever before, and a well of cynicism dominates connections between the governors and the governed.

Some argue that this loss of confidence is because of a declining level of accountability of government in the face of its citizens. When things go wrong, it is increasingly hard to identify which specific set of 'scoundrels' are the ones to throw out of office. The embedding of national democracy in an international system of checks and balances often leaves the impression that national politicians, while claiming to have power to change the course of events, are left clutching a calculator as the economy slides into recession.

Most arguments make Brussels the scapegoat: government ministers working in Europe take decisions behind closed doors, and rarely have to justify their actions; the European Commission is unelected, unanswerable, bureaucratic, and, to some, takes advantage of its freedom of action to become corrupt and ineffective; the European Parliament is merely a democratic trick, a mirage of formal democracy designed to reassure the sceptics and encourage the technocrats. Responsibility is caught between the different levels of government in an opaque, shifting system where ministers and commissioners always have the chance to blame someone else when things go wrong.

By shifting the burden of responsibility onto Brussels in this way, reformers are missing something important. Traditional systems of national accountability have become clunky and rather outmoded. The context, the potential and the information required to hold governments to account have changed radically over the past twenty years. And if Europe is part of the problem, it is also the key element in the solution.

Membership of the European Union has in fact increased the capability for citizens to hold their governments to account. It has done this by developing a framework within which governments' ability to offer their citizens the best services, the best taxation regimes, and the best quality of life can be compared; and all within a framework which empowers citizens to quickly notice and punish their failures.

The availability of comparative data within the EU context and the capacity to compare experience is influencing citizens' assessment of government performance, and, indeed, has driven governments to seek to reach higher standards than they otherwise would. The EU has brought out a series of

objective criteria which allows the public to gauge, precisely, how effectively each member government has been delivering its services. Perhaps the best example has been the rising power of the 'European average', which has become a dynamic standard that reflects a peculiarly European set of resource and ideological priorities.

The result of this has been to make comparability the new accountability in Europe. As the technical capacity to make comparisons between different systems and differing ways of doing things has increased, so has the ability of civil society, NGOs, national oppositions and backbench MPs to hold their governments to account. This paper explores how political systems need to be rewired to take account of this change. Benchmarking and comparability have so far been seen as largely a technocratic tool: now is the time to harness them to improve democracy and accountability at national level.

The changing nature of political accountability

An accountable political system has traditionally performed four functions:

- It should allow **abuses of power** to be exposed.
- It should ensure that **government standards are continually raised**.
- It should provide a framework within which **public expectations of state performance** can be managed in an effective and informed way - and where ineffective performance can easily be sanctioned.
- It should have **well-established routes** for political pressure.

The key to each of these functions of accountability is information. Abuses of power can only be exposed if people find out about them – through mechanisms such as parliamentary questions or (at European level) well-publicised whistleblowers. Judging whether standards are raised or not requires public access to relevant data, collated by independent agencies. What the public expects from government usually depends on manifesto, parliamentary and other commitments – again, usually calibrated against available data. And political arguments require figures to be convincing.

The nexus between information and its use for political purposes has evolved in four distinct ways in the past twenty years.

First, **public access to information** has changed out of all recognition. No longer are government departments exclusively reliant on official channels of communication or the news media to disseminate ideas and information. The development of new technologies has made it easier to disseminate statistics, and has ushered in extraordinary new opportunities for public access. Necessary figures are out there on the Internet, allowing any unit within an organisation to take the initiative in using comparative data or comparative systems to improve performance or hold a given government or

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institution to account. The Internet is not the only communications medium that makes this easier: the single currency makes it far easier to compare figures ranging from government spending to consumer prices. And these technologies are driven from below rather than from above: if they choose, individuals can take on the editorial and political role. In one case study, it was an initial search on the Internet by one enterprising individual which allowed the British and Dutch police forces to develop innovative new forms of co-operation. Clearly, to be politically effective, information needs to be ordered, readily findable and comprehensible, and, especially in this context, audited for its authoritative nature – but the potential is there.

Second, governments are far more **responsive** to nuances of public opinion than they were before. Rather than focusing on five-year cycles, there has been a move to American-style ‘permanent campaigns’, where parties start running for office on the day they are elected.ⁱ This has opened up a new responsiveness in the political system – rather than sit on a story, governments and ruling parties feel obliged to respond, resolving issues before the media caterwauling becomes too intense. As the British newspaper *The Guardian* puts it:

It is a system of unplanned political management, for which no one ever voted, but which now dominates our public affairs as ruthlessly as the civil service mandarinate once did. At its heart is what the political scientist Hugh Hecló has called "the continuous and voracious quest for public approval". Its vital organs are focus groups, 24-hour communications and fundraising.ⁱⁱ

While the legitimacy and success of these campaign tactics is open to doubt – many blame the permanent campaign for the widespread disaffection with politics and politicians that lies at the root of today’s malaise of national accountability – there is no doubt that they have opened up a new responsiveness of government to criticism from civil society, whether these are expressed at the beginning or the end of the electoral cycle.

Third, there is a **multiplicity** of different levels of government to hold accountable, making it extraordinarily complex to keep track of the systems in use. With the rise of the ‘shared competence’, a policy area driven at regional, national and international levels, it becomes unclear who precisely is responsible for any given policy. This is exacerbated by the separate scrutiny and legitimacy systems at each level – your local MP can easily claim it’s the MEP’s or MSP’s responsibility when things go wrong. While it is very clear from polling data, turnout levels and surveys that people see

ⁱ See the Hansard Society website for more details of this theme. www.hansard-society.org.uk

ⁱⁱ See Guardian leader, *Impermanent Revolution*, November 22, 2002

general elections as their primary arena of choice, the formal system denies this by demanding that people keep track of hundreds of decision-making procedures (over 25 within the EU alone) and thousands of individual politicians if they are to attribute responsibility adequately.

Fourth, with advances in the science of international statistics, the **raw material** for accountability has improved out of all recognition. Even ten years go, when Eurostat (the EU's data gathering body) asked some eminent academics to compile indicators to compare performance in different areas, neither the knowhow in the social sciences, nor the understanding of the benefits, nor the willingness of governments to attempt to make their indicators comparable were there.ⁱⁱⁱ However, at the same time, the concept of benchmarking had taken root in the business world – and was showing enormous dividends in terms of the capacity of businesses, and business units to learn from each other and develop a good practice culture. In the last few years, these techniques have taken root in the European Union's thinking also in public policy terms.

Europe's revival of national accountability

These four factors all open up a new role for the European Union, not as a voice from on high pushing legislation into national systems, but as a forum which allows citizens to compare their governments' performance with that of others. Citizens who rate their governments' performance poorly can either vote with their voice, by putting pressure on them to perform better; or with their feet, in opting to buy their services from other governments who offer the same things either more cheaply or more conveniently.

This links to one of Europe's core historical dynamics – the innate sense of competition between national systems. Whether it is Craxi claiming “Noi siamo un popolo che ascende. Gli altri declinano” (“*We are a people on the rise. The others are declining*”) in the 1980s, the French prickliness over their culture, or the frog-bashing of the eurosceptic British, one nation pronouncing its superiority over its neighbours is Europe's oldest political sport.

There is plentiful evidence that civil society, in all its diversity of forms and organisation structures, has taken advantage of the availability of comparative figures. Few days pass without a new league table or set of percentages, comparing government performances, being launched into the public domain. One example is recycling, where EU figures show the United Kingdom down at the bottom of the European league. Lobby groups such as Friends of the Earth have used these to raise awareness of a perceived lack of policy priority attached to the issue by the British government, saying

ⁱⁱⁱ O'Higgins, M and Jenkins, S, *Poverty in Europe: Estimates for 1975, 1980 and 1985, Analysing Poverty in the European Community*, Eurostat News Special Edition, 1-1990, Luxembourg.

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'these latest figures highlight once again just how pathetic the UK is at recycling.' This has also translated into backbench political action: support for greater resources devoted to recycling is growing amongst MPs. In May 2002, over 200 MPs had signed a parliamentary petition backing increased recycling, and both the Conservatives and Liberal Democrats promised more doorstep recycling in their general election manifestos. The comparison to standard practice elsewhere in Europe is a potent factor in pushing governments to perform.

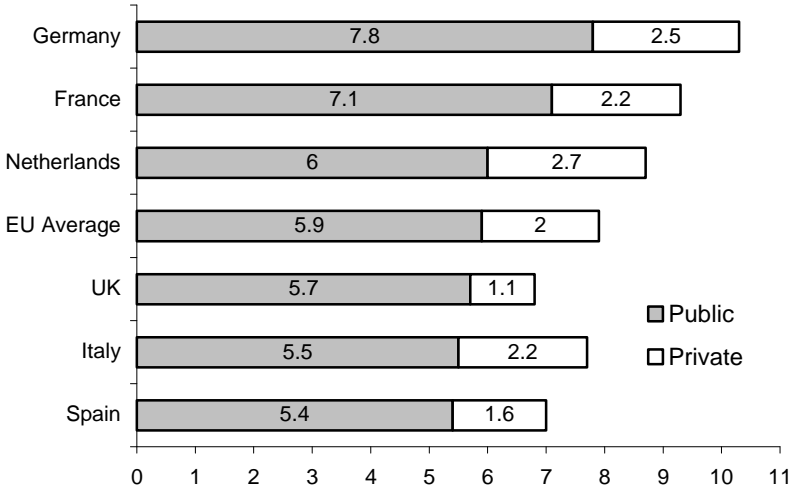
On occasion, this empowerment has also mushroomed into new forms of political activism, aided by new technologies including mobile phones and the Internet, and disseminated by the modern mass-media. Perhaps the clearest example was in autumn 2000, which saw a protest about the price of fuel in France, involving the blockading of the oil refineries and consequent disrupting of supplies. This was quickly adopted as a model by truckers in other countries, notably in the UK. Not only did the protest paradigm cross borders, but the difference between national systems actually played a strong role in keeping the protests going. People who, under other circumstances, might have seen this as non-civic, disruptive behaviour, bore the inconvenience of a fuel-less country stoically, as the papers showed daily that the price of fuel in the UK was up to 20% higher than in other European countries. Equally, both sides of the protest took international comparisons as a base point for their argument.

Governments themselves have reflected this pressure in commitments to align their priorities, particularly their spending priorities, with the common standards set in other EU member states. Through the 1990s, underspending on the British health service over many years was made abundantly clear through transnational statistics, from the OECD, the EU and elsewhere (see Figure One). The Labour government responded to these criticisms not by promising a 5% or 10% year on year rise: but by reassuring the electorate that the UK was not falling behind the common European standards – in other words, accepting that the European average constituted a minimum acceptable performance level, a gold standard for good government in the EU. In January 2000, Tony Blair promised to raise British spending on health to the European average by 2005: a commitment that was reiterated in the June 2001 general election, and put into practice in the pre-budget statement of November 2001.

It's not just in the UK – in France, President Chirac has made similar commitments, pledging to reduce the rate of corporation tax to *la moyenne Europeenne* within five years. Gerhard Schroder has made much the same pledge in Germany.

FIGURE ONE

Public and private healthcare spending as a proportion of national income in selected EU countries, 1998



Source: *OECD Health Data 2001: A Comparative Analysis of 29 Countries*, CD-ROM. The average across the EU countries is calculated by adding up the spending across the 15 countries and then dividing it by 15.

Creating new opportunities for self-expression

It isn't just electoral politics that have been influenced by the ability to compare within the EU. In certain limited areas, it is also beginning to be possible to 'exit', by choosing to use services provided by another government in preference to one's own. It has never been easier for British people to see that wine and tobacco cost less in France, and to do something about it; for Italian students, fed up with an inefficient and time-consuming system at home, to opt to study in the UK instead; for protesters about the price of fuel to ask precisely why it costs so much more in Britain than in France. They are able to make a choice, more and more, of other national systems over their own in certain areas. This can either be prosaic, in terms of expecting better train services from personal experience of using those in other countries; or can, in some cases, have a demonstrable effect over policy.

This is perhaps rather tenuous: and could, in time, have negative effects. For example, if people go abroad for healthcare, that imposes a high risk of 'free

riding' – after all, why invest in better services if they will end up subsidising the healthcare of richer people from elsewhere in the EU? However, it is happening, especially in the area of consumer spending: and is forcing governments to challenge some of their traditional regimes in areas where intra-EU borders are rather porous.

SECTION TWO: THE RISE AND RISE OF EUROPEAN COMPARABILITY

In the last ten years, the European Union has improved its capacity to provide the sort of figures that allow citizens to hold their governments to account – even if accountability per se is an unintended consequence.

There have been two major advances. First, genuinely comparable figures defining performance between member states have been developed, which can be used by civil society in determining whether member governments are performing well or badly in comparison with their peers. Second, there has been the rise of a 'benchmark' culture, which has seen ministries, units and individuals become increasingly aware of the benefits that benchmarking techniques can bring in terms of measuring performance and identifying areas where policies are failing or standing still.

The result of this has been to revolutionise the methods used by the European Union for data collection and transmission, initially fuelled by a sense that Europe was falling behind the US in terms of its structural capacity to deliver higher productivity. Indicators sprout from the Directorates General of the European Commission as profusely as memos; member states are agreeing to targets that can be objectively assessed; modernisers talk endlessly of 'evidence-based government', 'quality assessment', 'benchmarking performance' and even 'customer service'. This has created a number of structures which facilitate the making of clear comparisons.

There are three major reasons for this enthusiastic adoption of comparisons and benchmarking by the European Commission and the member states.

First, administrators and politicians trying to drive through solutions to Europe's continuing economic laggardliness saw an indicator-based approach as a useful way forward. It fits with the **general political movement** of the European Union away from centralisation and towards a freer structure based on the principle of subsidiarity, where the centre limits itself to setting the strategic objectives and responsibility for implementation lies at the lowest possible level (usually the national). This framework for policy making has been advanced by fears about the ability of a Europe with 25 member states to function, especially after the difficulties even 15 had in reaching agreement on the Treaty of Nice. Instead, Europe has started working out how to take advantage of its diversity as a core strength. Techniques of benchmarking and peer review fit well with the reality of a Europe of 25 member states, allowing different cultures and societies to incubate solutions, and then feed them into the policy mix without the

requirement to be dogmatic. It is an ideology based very much on what works, not what should work.

Second, the rise of **benchmarking** as a tested tool for improving performance in the private sector, and its gradual absorption into the public sector opened the door to establishing monitoring systems which could show progress, or lack of progress, in the consistent implementation of policy. It had a proven track record, having been applied broadly and successfully by companies. These frameworks have provided a mechanism for assessing the quality of policy implementation that was essentially dynamic, in that the terms of reference for the comparison was best practice worldwide – creating the potential for consistent and continual learning from the best.

Third, it began to be recognised in the 1980s that **statistics** themselves played a hugely important role in the democratic process. Previous to this, it was assumed that statistics were for governments to learn from, and that they should be designed solely with government priorities in mind. This was perhaps expressed best in the Rayner doctrine in the UK, which stipulated “Information should not be collected primarily for publication. It should be collected primarily because the Government needs it for its own business”^{iv}. In the 1990s, the official view of statistics changed, however. Access to statistics, and the provision of free and fair data, became seen as an essential tool for open government. The 1993 UK White Paper on Open Government provides a good example, saying:

Official statistics... are collected by government to inform debate, decision-making and research both within government and by the wider community. They provide an objective perspective of the changes taking place in national life and allow comparisons between periods of time and geographical areas.^v

This was reflected also at international level. **International organisations**, with a need to make policy based on authoritative and comparable statistics, started investing time and resources into the development of statistical systems. The United Nations set the ball rolling with its Resolution on Best Use of Statistics (see Appendix One) in 1994. Since then, common initiatives of the WTO, the UN, the European Commission, the OECD and the International Monetary Fund started to be set up in the mid-1990s, addressing the need for “more detailed, more comparable and more comprehensive statistics.”^{vi} In 1994, one such task force put it: “In view of the wide gap between statistical needs and available data, the work of the Task

^{iv} *Government Statistical Services*, Cmnd 8236. Her Majesty's Government (1981). HMSO.

^v *Open Government*. Cmd 2290 (1993). HMSO.

^{vi} See EU, IMF, OECD, UN, UNCTAD, WTO, *Manual on Statistics of International Trade in Services* at <http://unstats.un.org/unsd/tradeserv/docs.asp?sel=cat&cat=4>

Force was considered a long-term exercise.”^{vii} The fruits of this research are beginning to be available now: and within the European Union particularly, these have become powerful tools for use not only by governments, but also for those forces in civil society, in the media and in politics, who aim to hold those governments to account.

Of course, it's not only the European Union which is driving this move towards greater accountability and better transfer of best practice. Increasingly, best practice elsewhere is seen as the primary source of new thinking and new ideas for political movements throughout the world. However, the EU has gone further than any other international organisation in providing a framework in which it has become easy to compare and contrast: unlike organisations such as the OECD, EU figures form the basis of defined governance structures. It has also opened out specific routes for political pressure such as the ‘Lisbon process’ and the doctrine of subsidiarity, which could allow these comparative figures to be popularised.

These three factors have led to a serious investment both in the science and the accessibility of cross-country statistics. Open access to official statistics provides the citizen with more than a picture of society. It offers a window on the work and performance of government itself, showing the scale of government activity in every area of public policy and allowing the impact of government policy and actions to be assessed.

Benchmarking

The key philosophical shift came in the growing application of business practices to public policy, particularly at European level. The same philosophy which saw business units compared against other business units applied easily to an arena within which fifteen member states were aiming to achieve the same goals through different public policy structures and philosophies.

The science of benchmarking was developed in the USA in the 1970s. Essentially, benchmarking is a tool for improving performance by learning from best practices and understanding the processes by which they are achieved. The core element in benchmarking is to look outside your own organisation, industry, region or country, escape from the norms and orthodoxies which become sedimented in any institutional structure, and examine how others achieve superior performance levels.

As Robert Camp from the Best Practice Institute puts it:

In today's business application, the benchmark is that performance objective which incorporates the best practice, the epitome or

^{vii} Ibid.

standard of excellence; and benchmarking is the activity of learning, exchanging and adapting best practices to your organisation...

The Japanese word dantotsu – striving to be the best of the best – captures the essence of benchmarking. Benchmarking is a positive, proactive process to change operations in a structured fashion to achieve superior performance. The purpose of benchmarking is to obtain a competitive edge.^{viii}

In the private sector, benchmarking has become ever more prevalent, especially in the digital economy. A recent poll from the European Centre for Total Quality Management shows that benchmarking works, and is here to stay - 71.3% of companies agree that increased benchmarking activity will result in a proliferation of best practices. Beyond this, digital media are opening new opportunities to enhance the effectiveness of benchmarking: 81.6% of companies believe that the internet and other electronic media will result in more transfer of best practices. The drivers are not only technological however – the way benchmarking works is constantly under development and it is shaped by best practice itself. 63.4% of companies agree that the production of generic process and management concepts will provide more opportunities for future benchmarking.

This extraordinary growth in the private sector has been matched by a more tentative growth in the public sector. Domestically, government departments have explored how benchmarking can be usefully applied to public policies. As a spokesperson for the UK Customs and Excise put it:

For public sector organisations, benchmarking can serve as the surrogate for the competitive pressures of the market by driving continuous improvement in value for money from taxpayers.^{ix}

More and more, this mantra of ‘best practice’ has come to dominate European policymaking, as it has been seen as a way to bring government performances closer without the necessity of passing harmonising legislation through the European Commission. The EU allows government departments and citizens to learn from each other – and its cultural impact has been to encourage agencies to actively seek such benefits. Figures are now available in a huge number of different areas which are robust enough to be used by civil society in assessing governmental performance.

However, transfer of business processes to government has to be taken with a pinch of salt. The drive for greater efficiency and quality management are fine insofar as they improve standards – but the necessary political

^{viii} Camp, ‘The Path to Excellence’ in Benchmarking in Europe - Working Together to Build Competitiveness (2000), available from www.benchmarking-in-europe.com

^{ix} see http://www.benchmarking-in-europe.com/library/archive_material/articles_publications/archive_psi_articles/hmce.htm

competition that defines which resources should be allocated to which tasks can easily be overlooked if a narrow economic focus is taken. As benchmarking becomes a more important aspect of the EU's operations, there is a danger that the indicators chosen could drive a certain vision of society which is entirely divorced from political choices made at the grassroots. While it aids the European Union's legitimacy if it works effectively, this mustn't be pushed through at the expense of democratic scrutiny.

There are two particular dangers which need to be avoided. First, unbalanced statistics can present a flawed vision of society, and lead to bad choices. Various organisations are already using statistics derived from these benchmarking processes in order to stoke political debates. One example is *Benchmarking Europe's Competitiveness*, produced by the European Round Table of Industrialists, which focuses on statistics about Europe's innovation, wealth and productivity, and makes comparisons in each case with the USA. The argument derived is that Europe still has a lot more to do in order to catch up with the United States. However, it would be equally possible to develop a set of benchmarks based around quality of life, working weeks, holiday entitlements or crime that would present an alternative view. The European Commission is doing the right thing by developing sets of benchmarks. However, efforts need to be made to ensure that economic decision-making takes account also of other benchmarks for the social, political or demographic aspects of welfare. Second, there is a danger that biased or bad statistics are used in order to make political points. These are statistics that either fail to compare like with like, or which present only a limited picture of a given area. The answer is to regulate use of comparative statistics. One possibility is to develop a kite mark, showing that the figures have been derived by a trusted source, usually Eurostat. The other alternative is to set up a body like the Advertising Standards Authority in the UK, which will have the capacity to pass judgements on the use of these statistics in political campaigns, and to force them to be withdrawn from use where inappropriate.

That said, the benchmarking principle can be very helpful to the legitimacy of the European Union, as long as it serves the cause of democracy rather than undermining it. If we can reach the stage where a good initiative by one government can be effectively seeded into the public management practices of other countries, institutionalised within an international structure that is more normative than legislative, then there is great potential for progress. In the end, if it can be seen that European structures are raising standards at national level, then Europe's legitimacy will increase. Governments that do not take advantage of these techniques to improve their national performance will be held accountable for this failure. This potential is particularly evident in the 'process of open co-ordination', which the next section will address.

Benchmarking as governance: the Lisbon process and the development of European indicators.

In 2000, faced with a European economy obdurately growing more slowly than world competitors, and uneasy about putting harmonised enforcement mechanisms in place, particularly in sensitive areas of social policy where national traditions varied enormously, the ‘Lisbon process’^x was launched. This pioneered a new method of European governance – a method that saw the European Council setting targets for itself, and then taking on the responsibility, at national level, for fulfilling those commitments. The Commission took on a monitoring role. The process focused on employment, enterprise and environmental policies.

The significant thing about the Lisbon process in this context is the model that it developed: a method of transnational governance which was dependent on the transmission of objectives rather than directives. The important thing was not how a policy was implemented – but, rather, what it achieved.

While brought in for all the best technocratic reasons, Lisbon actually opens up an enormous scope for greater accountability. Governments set themselves up as prepared to be judged by their performance in certain fields and eventually to be criticised for their inaction. Admittedly, censure from the European Commission may come across as relatively risk-free: but even so, there is an awful lot of untapped democratic potential there if we could only start to use it.

The democratic potential rests on one thing: the quality of the indicators and statistics developed under the Lisbon process to allow cross-national comparisons. In order to reach the overarching goal of being the ‘most dynamic knowledge-based economy in the world’ by 2010, targets and objectives were set for member states to implement at various stages along this road. Progress would be judged against a set of mutually agreed benchmarks by the Commission, and member states which failed to implement their commitments would be ‘named and shamed’. The hope was that peer pressure would underpin progress, even where the traditional legislative means of the Community method were inappropriate.

In these areas, particularly perhaps in the sensitive field of social policy, the strength of an indicators-based approach is that, as Nobel Prize winning economist James Meade put it, they allow freedom for national diversity as opposed to continental uniformity - especially salient in a post-enlargement European Union. Because the objectives in a given policy area are set by the

^x For a related set of ideas on the legitimacy implications of the Lisbon process, see Leonard and White, *Can Brussels Earn the Right to Act?*, The Foreign Policy Centre, 2002

European Union, but the member states themselves have responsibility for setting their own strategies to achieve them, it is at the national level, where member states themselves are responsible for scrutiny, that decisions about resources and policies are made. For example, if governments want to put taxes up in order to achieve those objectives, they are free to do so – and they have to answer to their national electorates, rather than to the European Commission, for their failure to do so.

As Tony Atkinson puts it:

One country may achieve low poverty rates by active labour market policy; another may place more reliance on social transfers.... In one member state transfers may be provided by the state; in another, member state transfers may be private. In one country, training may be associated with apprenticeships; in another, training may be provided by the school system....^{xi}

The development of this process has, without doubt, contributed to the development of some very solid European Union indicators in these fields.

For example, in order to calibrate social exclusion, a particular set of indicators was developed, as explained in Box One. More importantly, given the difficulty of comparing like with like, some sustained academic work went on to ensure that the indicators were directly comparable. This was only successful to a degree – at the end of the day, any comparison of, say, education levels which compares a twelve-year and thirteen-year system is going to be flawed. However, the result was a set of indicators that, according to the group that developed them, was robust enough to be used by civil society in assessing government performance.

These indicators have some very significant characteristics. They are as robust as transnational indicators can hope to be – they have also been endorsed by governments as a set of performance targets on which they are happy to be, and expect to be, judged. This is an important first step in making it possible for Europe to improve national accountability.

The Lisbon Process offers a lot of potential for using these indicators to increase national accountability. For it to be ultimately effective, however, this link between national performance and accountability has to be extended. Governments may set objectives, and be prepared to be judged on them. But only if the sanction is some years in the electoral wilderness, rather than a strongly worded rebuke from the Commission, will the democratic potential of these processes truly be achieved.

^{xi} see www.nuff.ox.ac.uk/users/atkinson/ESRC%20Lecture.pdf

BOX ONE

Primary indicators agreed by European Union December 2001

- **Percentage of individuals living in households with low incomes (below 60% of the national median equivalised income)**
- **Persistent financial poverty**
- **Depth of financial poverty**
- **Ratio of top 20% to bottom 20%**
- **Co-efficient of variation of regional employment rates**
- **Long-term unemployment rate**
- **Percentage of people living in jobless households**
- **Early School Leavers not in further education/training**
- **Life expectancy at birth**
- **Self perceived health status by income level**

The Lisbon issues, however, have not succeeded in developing a high political salience at national level. Even the attention-grabbing headline goal of being the most dynamic economy in the world within a paltry ten years is hardly known. To rectify this, the process, and the common enterprise to become the most dynamic economy in the world has to be shared by people at large – and individual governments who prevent the common goal being realised have to be subject to the only sanction that really matters: within their own, national, permanent campaign.

A country which fails to achieve its obligation to enact the reforms, and therefore impedes moves towards the agreed economic and social standards, should be subject to criticism domestically from some of the key stakeholder groups, be they the unions, the trade associations or the opposition party in Parliament. There is little evidence that this has happened to date, despite the Commission's publication of extensive review reports before each of the summits. Instead, domestic positions have tended to show the business community in support of the process, and the trade unions sceptical of it, particularly in the social policy arena. Unless these debates take off at national level, then the Lisbon process ends up being easily caricatured as another Brussels 'stitch-up' which fails to reach out and engage wider constituencies in the process of reform.

So how can this be achieved? How can the hard statistical and technocratic work which goes into each of these Spring Summits open up the accountability of national government?

Two key attributes of these indicators need to be taken advantage of. First, they are more reliable when they are **output** indicators, rather than **input** indicators. While it is easier to evaluate how much a government is spending on its health service, this is far less significant than indicators which can be used to judge how good the healthcare actually is. As such, commitments to raise spending to the European average have to be treated judiciously. Second, because these indicators use standardised measures, the key attribute is not **absolute**, but **relative** position. What is impressive is a rise up the list, showing that performance has improved relative to the performance of other governments and to the 'gold standard' of the European average. Being at the top or at the bottom is significant – but only when evaluated against this time dimension. As such, governments should not be pledging to raise their health spending to a certain level – they should be committing to overtake their nearest rivals in terms of the quality of services delivered, and the excellence of their outputs.

To increase accountability, one method would be to use the data in a form that's readily understandable and accessible, perhaps by formatting the data in such a way that it evokes notions of national competition – by formulating the data as league tables, and focusing a communications effort around who's done best and who's done worst in any given year. If this is seen as too political an exercise for the impartial Commission, then this responsibility could be passed to a specialist, independent organisation. This would have the by-product of developing some strong stories which will raise the profile of the Spring Summits, and the European Economic Reform effort, more generally.

Second, criticism, when it comes, must come from a body with a different frame of reference to the European Commission's. For understandable reasons, governments have been reluctant to criticise each other. This is because the political momentum is coming from the wrong place – from the top down, rather than from the bottom up. The European Commission can only do so much, even though it is as independent an arbiter as can be imagined – and, moreover, in its role as guardian of the European common interest, has a stronger incentive to keep the process on the rails than any of the national governments.

The key bodies that the process of open co-ordination has so far failed to engage are the European Parliament, and national parliaments.

The European Parliament has a very limited formal role in overseeing economic reforms. However, it is the only body with sufficient transnational legitimacy to be able to make its criticisms count: if the French government

criticises the UK, then this can be written off as sour grapes. Giving the EP this power would have a number of beneficial effects. First, because of the links between parties in the European Parliament and parties in national systems, it would be easier to link these criticisms into domestic political debates. Second, it would enhance the political role of the EP, and therefore imply that it would be taken more seriously by national parties. Third, if the European Parliament monitored governments in their implementation of the agreed reforms and put pressure on those who fail to act by naming and shaming them, it would begin the process of defining a role for representative democracy at European level that is founded on the strengths (internationalism, pluralism) of the EP, rather than its weaknesses (law-making, government formation). It would give the European Parliament a defined future in a non-federal European Union.

It would be possible to go beyond this, and give the European Parliament a more formal role in choosing the indicators that would work best from an accountability perspective. The European Parliament is the only body which is pluralist and representative enough to do this without being accused of selecting certain criteria for manifestly political ends. Maybe there should be a vote at the April plenary each year where the Parliament awards recognition to the winners and the losers under Lisbon, perhaps by doling out high marks to the countries that have achieved their commitments comfortably, and low grades to those that have failed.^{xii}

National parliaments, on the other hand, formally have a lot of influence over government policies, but their awareness of the process and its ramifications tends to be low. Indeed, on these economic issues, national parliaments will always be hamstrung from taking an activist role in monitoring government performance: for a start, national government will have a majority, and, except in the case of coalition or other hung parliaments, it is unlikely that any focused criticism will result. Second, as a very broad generalisation, national parliaments (with the exception of the United Kingdom and some others) tend to be more sceptical of economic liberalisation than the governments they elect – implying that the debates might devolve into criticism of the Lisbon process rather than scrutiny of the government's commitments under that process.

However, it is important that national parliaments have a role, as indeed the Convention on the Future of Europe has recognised. In the report by the Working Group on involving national parliaments, it states:

^{xii} See the 'Stockholm scorecard' and the 'Barcelona Scorecard' by Edward Bannerman (Centre for European Reform, 2001/2002), and the impending 'Brussels scorecard' by Alasdair Murray (CER 2003) for examples of this approach in practice. www.cer.org.uk.

The exchange of information between parliaments, including on best practice and benchmarking in national scrutiny, was instrumental in improving the capacity of national parliaments to deal with EU issues and strengthen the link with the citizens.^{xiii}

The Convention also recognises that the mechanisms for achieving this must be defined at national level. As such, they do not play an important part in this paper. However, the data provided under the Lisbon process gives an ever clearer picture of how the European economy functions – and makes it easier to isolate the commitments that any given government is delivering on or failing on. It may be in the interests of those scrutinising government performance to take advantage of these figures: just as it may be convenient for the government to set itself up to be judged in comparison to other member states. In the UK, for example, should the Conservatives take a leaf out of Labour’s book and commit to aligning spending or outcomes with the European average in a given timeframe?

The other group that the Lisbon process could engage better are NGOs, trade unions and other interest groups. At present, there is very little obvious value to be gained by these groups in making use of the Lisbon data. If the profile of the Lisbon process could be raised, perhaps by endowing it with a specific communications budget of its own, then it becomes easier for the figures it generates to be adopted as political artillery in the domestic context. To do this, it would be important to shift the way the process is presented away from its current aspiration (a technocratic method to allow Europe to achieve its economic goals) to one which emphasises that Lisbon is all about accountability, something with an enormous amount of domestic political resonance.

Finally, a key weakness that has developed from the process of peer review has been the conscious raising of the political stakes on a particular issue by one member state in order to turn up the pressure on another. The best example was Blair calling the 2002 Barcelona Summit ‘make or break for the European economy’, in an attempt to cajole the French government into as wide a liberalisation of their energy market as possible. This has meant, naturally, that the aspirations behind the spring summits have always been more far-reaching than the actual outcome – even if not proceeding at the pace of the slowest, the chances are that progress will be slower than the fastest would like. This creates a set of political traps that, to an uninformed observer, can make the process seem clunky, unwieldy, and ultimately ineffective. However, refashioning the process so it is about accountability rather than technocracy would bypass this problem, as governments in ‘goslow’ mode would be named and shamed by civil society and by domestic constituencies.

^{xiii} see <http://register.consilium.eu.int/pdf/en/02/cv00/00353en2.pdf>

The development of the Lisbon indicators has proved that it is possible to develop cross-national statistics, which governments endorse and against which they are prepared to be judged. It has also taken the initial steps to define what has to be done if the benefits of these indicators are to be extended into other areas of policy.

Grassroots benchmarking

Europe-level benchmarking has opened up other opportunities for enhanced accountability beyond the level of national government. Most of these instances focus on best-practice initiatives, which have improved the performance of public sector bodies without influencing their accountability – within the Customs and Excise or the Metropolitan Police, for example.

However, some cases can show how, even in these areas, an initiative designed to improve performance can have important political implications. Many of these occur in areas where the European Union set initial quality standards, but then left their regulation to non-governmental bodies. In these cases, the EU provides the capital and motivation to get initiatives off the ground, but then allows the power of the benchmarking model to operate independently.

One example is the rise of the Blue Flag programme for beach quality. This was a benchmarking initiative in the government sector which actually predated the rise of benchmarking in the business world – a rare example of government taking the lead on innovative quality standards.

The Blue Flag is a respected eco-label. It is awarded to beaches and marinas with good environmental management. To gain a Blue Flag, beaches have to meet 27 and marinas 15 criteria, covering: water quality, beach/marina management, safety, services and facilities, environmental education and information.

The Blue Flag was born in France in 1985 where the first French coastal municipalities were awarded the Blue Flag on the basis of criteria covering sewage treatment and bathing water quality. Then, in 1987, the European Commission decided to launch the Blue Flag Campaign as one of several "European Year of the Environment" activities in the European Community. The countries participating in the scheme included all EU countries with a coastline, but then expanded to a total of 22 countries, some with no institutional connection with the EU, like Iceland and South Africa among others.

This is an example of an initiative seeded by the European Commission which allowed for the establishment of a Europe-wide minimum standard which would be enforced through the Community. Responsibility for achieving the standard was in the hands of elected officials at regional or local level. The success of the scheme, especially in its export out of Europe

and its adoption by non-European countries, shows how transnational standard-setting bodies can create real dynamics for improvement in local politics.

Is Europe reviving national democracy?

Some people are already exploring the ways in which the development of reliable cross-country statistics relate to the governance debates taking place in the Convention, the Commission and elsewhere. As Tony Atkinson, who was charged as one of a multinational team under the Belgian Presidency in late 2001 to work on the science of indicators at European level, admits, the use of indicators works particularly well in fields where subsidiarity applies. This is because it empowers actors at national or subnational level to make decisions based on comparable data. In these areas, the EU is a data-gathering and policy co-ordination body, but the key political decisions about implementation are debated and decided at lower levels.

A major debate is going on about democracy in the Convention on the Future of Europe. However, the democracy they are considering is a far staliel model than that which perhaps really exists. Discussions about constitutions, parliaments and traditional democracy are not necessarily perfectly attuned to the kind of transnational political space which is developing in Europe. By taking forward these 19th century formal processes of democracy, the Convention may end up missing out on how democracy is changing, both under the impact of these transnational comparability and elsewhere.

Enhancing the role of comparability in the European Union to hold national governments to account will not resolve the democratic crisis within national institutions. However, unlike the traditional view of representative democracy, comparability takes better account of the relative strengths and weaknesses of the European Union as opposed to national governments, as well as of the way that accountability, and expectations of accountability, themselves have changed. It shows the European Union for what it has become – a body which initially, perhaps, was bound by technocratic norms, but which increasingly has become a force for democracy. However, it is a force for democracy which respects national sovereignty by reinforcing our ability to hold our governments to account.

There are five key things that could be done to enhance the limited revival of national democracy through the European Union.

1. Choose the right benchmarks

There is a danger, as the benchmark culture permeates European decision-making to an ever greater extent, that the wrong benchmarks are used to make political cases. Raising health spending to the European average is a clear example, as statistics measure outputs far better than inputs. Use of

statistics by governments, national oppositions or civil society needs to be informed by this.

2. Make sure figures are comparable

The power of the European average is such that political cases can be made on unauthenticated figures derived by very different means. The European statistics service needs to develop a mechanism, either a kitemark or a self-regulation agency, whereby the comparability of statistics used for political ends can be adjudicated. The European Parliament should have a role in scrutinising this process.

3. Formulate and communicate the data more imaginatively

This paper has argued that European statistics could be a powerful force for democracy in the EU. However, they need to be communicated better if this is to happen. Given that the key thing about statistics is relative, rather than absolute, position, it may make sense to derive a set of league tables in different policy areas, which would demonstrate how individual governments are doing. Judgements should be made, however, on improvements or declines in position, rather than on the absolute figures, as no statistics are 100% comparable.

4. Raise the political salience of comparisons by making it easier for national oppositions and civil society to engage with the process

Political parties and NGOs have a real interest in using the figures generated by the Lisbon process and by EU-level benchmarking for political ends. If this is to happen, though, the Lisbon process needs to be communicated as more than just a technocratic exercise. A budget should be created to communicate how the process of open co-ordination can serve the interests of accountability and subsidiarity.

5. Give the European Parliament a scrutiny role

The European Parliament, perhaps acting on a report by the Court of Auditors, might be more effective at evaluating the performance of national governments than the Commission or national parliaments. MEPs should have broader powers to scrutinise the use of statistics, and use them to censure member state governments that are not delivering on their commitments. It could also be able to request statistics to be generated by Eurostat if there is a clear case that this could improve the accountability of national government.

APPENDIX ONE: UNITED NATIONS FUNDAMENTAL PRINCIPLES OF OFFICIAL STATISTICS

During the 27th session of the United Nations Statistical Commission in early 1993, a resolution on the fundamental principles of official statistics received wide support. The resolution was circulated to all countries for consultation on its usefulness and application, and it was formally adopted by the United Nations Statistical Commission at its special session in 1994. The ten agreed fundamental principles of official statistics are listed below.

1. Official statistics provide an indispensable element in the information system of a democratic society, serving the government, the economy, and the public with data about the economic, demographic, social and environmental situation. To this end, official statistics that meet the test of practical utility are to be compiled and made available on an impartial basis by official statistical agencies to honour citizens entitlement to public information.
2. To retain trust in official statistics, the statistical agencies need to decide according to strictly professional considerations, including scientific principles and professional ethics, on the methods and procedures for the collection, processing, storage, and presentation of statistical data.
3. To facilitate a correct interpretation of the data, the statistical agencies are to present statistical information according to scientific standards on the sources, methods and procedures of the statistics.
4. The statistical agencies are entitled to comment on erroneous interpretation and misuse of statistics.
5. Data for statistical purposes may be drawn from all types of sources, be they statistical surveys or administrative records. Statistical agencies are to choose the source with regard to quality, timeliness, costs and the burden on respondents.
6. Individual data collected by statistical agencies for statistical compilation, whether they refer to natural or legal persons, are to be strictly confidential and used exclusively for statistical purposes.
7. The laws, regulations and measures under which the statistical systems operate are to be made public.

8. Co-ordination among statistical agencies within countries is essential to achieve consistency and efficiency in the statistical system.
9. The use by statistical agencies in each country of international concepts, classifications and methods promotes the consistency and efficiency of statistical systems.
10. Bilateral and multilateral co-operation in statistics contributes to the improvement of systems of official statistics in all countries.

ACKNOWLEDGEMENTS

In early 2001, we set ourselves the task of thinking through the impact that membership of the European Union has had on systems of national democracy. We came to the rather surprising conclusion that in some ways (but by no means all) the European Union actually is increasing the legitimacy of government at national level. This pamphlet is the outcome of those deliberations.

I'd like to thank all those who fed in along the way, especially Kate Arthurs, Stephen Benians, Jane Grassie, Rob Hailey, Sharon Memis, Paul Roberts, Tom Singleton, Annachiara Torciano, Veena Vasista and Claire Wring. Particular thanks to Mark Leonard, whose capacity to think laterally and around the edges of an issue has helped refine most of the ideas in this policy brief, and to Geoffrey Edwards, whose scathing comments have popped many a balloon.

Thanks to Chloe Campbell, Jo Hazelwood, Caroline Roberts, Nigel Terrington and Duncan West for taking the time to give me feedback on some of these ideas.

Thanks too to Miroslav Beblavy, Lena Bobinska, Jacek Kucarczyk, Bartek Novak and Claes de Vreese, who fed in to these ideas at a seminar in Poland organised by The Foreign Policy Centre and the British Council in association with the Institute for Public Affairs in Warsaw.

Tom Arbuthnott
February 2003

THE WAY AHEAD

The 'Next Generation Democracy' project explores the theme of legitimacy in an enlarging Europe, organised around five themes: Matching Policies to Public Priorities, Accountability, Political Competition, Participation and Representation.

The initial output of each theme will be a policy brief, which will aim to direct the thoughts of the next generation of policymakers towards solving key problems thrown up by debates about democracy, legitimacy and accountability in Europe. Policy briefs will engage key stakeholders throughout Europe, who may be from the political, academic, public, private or voluntary sectors, at local and national level.

Each publication will be published on the www.network-europe.net, which will be publicly available, and which aims to bring together these ideas and responses to them.

The policy briefs will be collected together, along with the best of the contributions from the online 'workshops' in a publication, entitled 'Next Generation Democracy: Legitimacy in Network Europe.' This will be launched at the end of the project in summer 2003. The issues were also discussed at Next Generation Europe, the first in a series of yearly conferences bringing together the successor generation from across Europe, which took place in Taormina in November 2002.

We are looking to publish responses to this series on our website, www.network-europe.net. If you would like to make a response, please contact networkeurope@fpc.org.uk.

The Foreign Policy Centre and the British Council would like to thank Weber Shandwick Public Affairs for their generous support for the Next Generation Democracy Programme.

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By Simon Hix, March 2002

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"Very interesting document", *Ana Palacio, Foreign Minister, Spain*

The Convention may choose not to endorse [Hix'] ideas, but it should at least give them serious consideration." *European Voice*

Next Generation Democracy: Legitimacy in Network Europe

By Mark Leonard and Tom Arbuthnott, November 2001

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“It certainly is an intriguing project, which I shall follow with interest.” *Sir John Kerr, Secretary General, The European Convention.*

FORTHCOMING

Broadcasting Europe (March 2003)

By Claes de Vreese

Based on a nine country study of how the broadcast media covers European issues, de Vreese argues that, without effective communication, the European system cannot be democratic. He argues that the distinguishing features of news coverage of Europe are that it is infrequent and faceless; but that it is high priority when it does appear, and is no more negative in tone than coverage of national politics. He proposes a number of changes that the Convention should consider in making the European Union more communicable to its citizens.

Reforming the European Parliament (April 2003)

By Nick Clegg and Michiel van Hulten

The European Parliament must be reformed if the only elected transnational assembly of the world is to have any legitimacy with the people. These two respected MEPs argue that the European Parliament needs more political and less technical debates, in order to produce better quality EU legislation.

Next Generation Democracy (June 2003)

Edited by Tom Arbuthnott and Mark Leonard

This pamphlet will bring together all the outputs from the Next Generation Democracy project. It will be launched in London and Brussels to stoke debates about the role of democracy in the new European constitution.