

# Give representation to Europeans!

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The crisis of the Eurozone is a common cause of European citizens. The lack of political representation of these common interests is one of the causes of the current European crisis. The longer the crisis is treated as a technocratic issue, the stronger will be the pressure pushing the EU towards dis-integration.

To understand why this is so and find a way out, we might look to the ideas of Madison, one of the authors of the Federalist Papers and the US Constitution. In Brussels these days, many references are made to Hamilton, Madison's co-author, and the most important proponent of financial federalism. Various "lite" and watered down versions of the latter are increasingly seen as the solution to the malaise of the Eurozone. Hamilton has to be read, however, in tandem with Madison. It was Madison who explored how political representation might be structured to consolidate the economic integration of the thirteen founding states of the US.

The Madisonian 'scheme of representation' had several deeply innovative elements, of which two are very relevant for the present crisis of the EU. The first element is that if institutions of political representation are structured in the right way, representatives can articulate programs and policies that reinscribe the way citizens define their interests, or as Madison put it, 'refine and enlarge public views'. The 'trick' is to make it the self-interest of representatives to continuously search for compatibility among diverse interests, instead of just representing them. Creditors vs debtors, owners of large vs small firms, manufacturers vs agricultural producers, all might have conflicting interests. So might citizens of states that contain more or less of these divergent categories of economic actors. An effective system of representation, Madison argued, would create support for political projects that would render mutually compatible such divergent and potentially conflicting interests.

The Madisonian solution was to bolster the representation of diverse interests as opposed to homogeneous groups, i.e., enable representation of the same interests at the multiple local, state, and federal levels and in diverse social capacities. At the same time, provide incentives and opportunities for combining and resolving them at all levels of public policy making. Until recently, something approximating this arrangement was the functioning order in the evolving European polity, producing mutually beneficial outcomes for diverse European groups during a period when primarily the gains of integration had to be redistributed.

This system is no longer operative, and still worse, in the current period when the costs of crisis have to be redistributed, elements of it are pushing Europe towards dis-integration. The European polity does not have the second important element of the Madisonian scheme that was crucial for holding the union of diverse states together: a diversified political representation of the citizens at the federal level. Europeans have common causes growing by the day

but they do not have political representation in the EU. Twenty-seven nations, regions and an enormous number of special interests have representation within the EU. There is, however, not a single political party or politician in Brussels elected on the basis of a program that would have competed for Europe-wide popular support and that could claim to represent the associated interests of European citizens. There is no single political actor in Brussels who would have been forced to create competitive political programs that were acceptable for the Irish and the Greek, the German and the Hungarian citizens. Still worse, representatives elected on a national basis and accountable to citizens of member states with widely diverging interests are responsible for making key decisions at the level of the European polity. The greater the crisis of the Eurozone, the more they are pushed and pulled by the logic of the domestic political competition, with diminishing incentives for them to accommodate general European interests.

One can better understand the growing absurdity of the European polity if one imagines how American political elites would act under the present European system of representation. Imagine Democrats and Republicans from the New York State legislature voting side by side against continued subsidies for the State of Arizona and preventing attempts to use Federal Reserve monies to help troubled banks in New Mexico. Alternatively, imagine the Governor of California rejecting the use of Federal Rescue Funds to keep the banks of Maine afloat and the Secretary of the Department of Finance of California declaring that it was for Maine voters to decide whether or not to stay within the dollar zone. After a while legislators in New York would vote grudgingly some support for Arizona, demanding in exchange the implementation of a strict and humiliating austerity program. After a while, the Governor of California would become the supporter of federal programs that aim at giving some stability to *the* dollar zone. These state level politicians know that their states are net winners of the union, and that in the end their states win from giving to some of the weaker US states two dollars back as against any tax dollar they pay to the Federal Budget. But they have to fight for re-election at the state level, facing the growing popularity of emerging parties running on programs that picture citizens of Arizona or Maine as lazy rent-seekers. And, the closer they get in their proposals to joint banking and fiscal politics, including more and more elements of the Hamiltonian fiscal federalism, the more they will be constrained by the existing political setup.

It is not by chance that Hamilton and Madison were co-authors of the Constitution of the first economic union of modernity. Supporters of the move towards some form of fiscal federalism in Europe would surely waste their time if they would think of copying that constitution, itself an outcome of several compromises. But perhaps it is time to include in the debates about the future of the Eurozone some of the ideas of Madison.

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