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The crisis of democracy and the role of the State in today's Europe

Parliamentary Assembly

1. In 2011, democracy was at the centre of European public debate and the object of very controversial perceptions. For those who were encouraged by the strong peoples' movements of the Arab Spring, 2011 even became "the year of democracy".

2. However, for many other Europeans, democracy is one of the main victims of the financial crisis which started in 2008. This confirms the conclusions of the 2008 and 2010 Assembly debates on the state of democracy in Europe, according to which European democracies are in decline and are experiencing a crisis which undermines the trust of many citizens in their political institutions. In 2012, some Assembly debates are on current "threats to democracy" posed by Europe-wide austerity programmes and their impact upon social and democratic rights, upon local and regional authorities and, in particular, upon young people, who stand to suffer most from the economic and financial crisis.

3. The crisis has, in particular, revealed the limits of the power of democracy and has aggravated public distrust in democracy. In a broad sense, it has been the consequence of some serious shortcomings in the functioning of democratic institutions, which were not able to anticipate, prevent, and quickly and adequately react to it without causing hardship to the people whom they are meant to serve and protect.

4. There is growing concern among Europeans who are witnessing the decline of their democratic capacity to cope with the consequences of the international financial crisis.

5. For these Europeans, it has become evident that their national democracies are unable to protect them from the negative consequences of a financial crisis. As they do not want to forego the benefits of democracy, some demand instead that democracy be developed at the transnational level in order to provide European institutions with the legitimacy to intervene and limit the market and economic forces in the public interest and wherever such forces have a negative impact upon social and democratic rights or upon the environment.

6. In order to win back the confidence of their citizens, States must meet the challenges now confronting them, which include the need to fully debate the conception, implementation and evolution of the eurozone. These challenges also include diminished trust in representative democratic bodies and political parties, the migration of millions of people within Europe or the immigration of others to Europe, the inability of the nation State to deal with certain problems beyond its control, and increased extremism and nationalism across Europe – an issue already examined by the Assembly in its Resolution 1754 (2010) on the fight against extremism: achievements, deficiencies and failures.

7. The global crisis is a consequence of many complex economic factors and regulation deficiencies, some of which result from previous policy mistakes.

8. In a number of European countries, political processes have thus recently come under extreme pressure, on the one hand from markets and international financial institutions and, on the other, from citizens.

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1. Assembly debate on 27 June 2012 (23rd and 24th Sittings) (see Doc. 12955, report of the Committee on Political Affairs and Democracy, rapporteur: Mr Gross; and Doc. 12977, opinion of the Committee on Social Affairs, Health and Sustainable Development, rapporteur: Earl of Dundee). Text adopted by the Assembly on 27 June 2012 (24th Sitting).

9. Faced with the collapse of their economies and, in some cases, the risk of sovereign default, governments have implemented harsh austerity policies, including lowering of wages and social benefits and increasing taxes. Confronted with a sharp drop in living standards, which have put large segments of population near or below the poverty threshold, people in many European countries have taken to the streets to protest, at times violently, against government policies perceived as the diktat of the markets, and against being asked to pay the cost of the crisis.

10. The present problems facing democracy are the accumulated result of many years of bad governance, political short-sightedness, and unwillingness of governments and citizens to face reality.

11. In an increasingly globalised economy focused on the financial markets, there is a dissonance between the impact financial agents may have on a sovereign State's economy and the fact that their interests may not coincide. Furthermore, the concentration of power in the hands of globally integrated financial networks carries even more risks for the stability of nation States and governments.

12. A sound State is not usually possible without a lively and strong democracy. Likewise, a strong democracy needs a sound State in order to be able to fulfil its potential and to meet the expectations of citizens, in particular as regards social justice. To this end, all means of making a State more accountable should be considered, including the development of close links with representative civil society organisations, the encouragement of a fearless press, diverse in its ownership, and the promotion of an educated citizenry.

13. After the outbreak of the crisis, States turned out to be the last resort for saving the market economy: the complete disintegration of the financial markets and private banks has only been prevented as a result of State intervention by national governments, which sharply increased sovereign debts.

14. Refinancing private companies from public budgets, and in an opaque manner, resulted in an additional tax burden on citizens and further eroded their trust in the fairness and efficiency of the State.

15. In order to solve the current crisis and devise long-term stabilisation strategies, States should regain or develop capacities to regulate international financial markets. This should also include the ability and political option to tax financial transactions if there is international agreement to this end.

16. Sound States should develop strategies to reduce sovereign debts which, at the same time, preserve economic growth and social integration. This goal includes a State's capacity to collect taxes and adapt taxation levels to the current and long-term needs of society. This also requires that tax levels are acceptable to the majority of citizens and seen as a fair sharing of tax burdens.

17. Sound States should also be capable of developing strategies for growth and the modernisation of society, particularly through investments in new infrastructure and sustainable development projects, notably for energy saving and the use of renewable energy. Wherever appropriate, planning regulations should facilitate and stimulate sustainable development.

18. For the future, sound States will need to increase their capacity for co-operation with other States since many policy areas are already too large for most nation States to regulate. Decision-making bodies should in particular be based on more democratic legitimacy at the European level, where the development of true economic governance could be the next step in the political integration process.

19. Sound States are based on strong democracies. To become strong, democracies need to make existing democratic structures more representative. This is possible with the inclusion of direct democratic elements which have to be carefully designed in order to increase citizens' participation and to promote active citizenship, as suggested by the Parliamentary Assembly in its Resolution 1874 (2012) on the promotion of active citizenship in Europe.

20. All levels of government should be guided by the public interest rather than the interests of particular stakeholders. Sound States, capable of performing their main functions and maintaining a high level of trust among their citizens, need the strength to resist the abuse of political, administrative or judicial power, and unethical behaviour such as corruption, favouritism towards private stakeholders and undue influence by the media or interest groups, as well as being able to develop strong policies in favour of growth and social cohesion. Without permanent efforts to strengthen States' resistance to such phenomena, citizens' confidence in decision makers will further decrease.

21. An important reference for political decision makers are the Twelve Principles of Good Democratic Governance at Local Level, adopted by the Committee of Ministers in March 2008 in the framework of its Strategy for Innovation and Good Governance at Local Level, as these are a modern instrument and a useful model for all levels of government.

22. In order to be able to defend, in a sustainable manner, the European economic and social model and the freedom of citizens to implement European political values, there is a need to Europeanise democracy as well as to democratise Europe.

23. Against this background, the Assembly invites the member States of the Council of Europe to:

23.1. consider, for instance in the framework of the World Forum on Democracy to be held in Strasbourg in October 2012, the ways in which democracy can be strengthened by giving it a firmer foothold at all levels of the nation State and also by reinforcing it at the transnational level;

23.2. engage in a dialogue with it on the state of democracy in Europe, so as to consolidate the Council of Europe's role as the guardian of democracy throughout greater Europe;

23.3. consider the ways in which this debate can be organised in member States in order to raise awareness and to explore ways to strengthen democracy, build sound States and democratise Europe in order to prevent it from losing further legitimacy.

24. In particular, the Assembly calls on national parliaments to fulfil their key function to uphold representative democracy in Europe, to reflect and advise on the best ways in which modern democracy might adapt. In its own work and debates it resolves to promote this aim within the 47 member States of the Council of Europe.