



# Democracy vs. Capitalism – A Conflict in the European Council?



**Verena Peter (s1117556)**

Bachelor Thesis European Studies  
Faculty of Management and Governance  
University of Twente

Examination Committee:

Dr. M.M.R. Ossewaarde (1<sup>st</sup> supervisor)  
Dr. M. M. van Gerven-Haanpää (2<sup>nd</sup> supervisor)

*Abstract:*

*In the focus of my research will be the European Council's attitude regarding the conflicting relationship between capitalism and democracy of today. Using secondary data and theory on the topic I will outline the relationship between the current form of democracy and capitalism and explain where the main points of conflict and tension between the two ideologies are.*

*The main research question of my Bachelor Thesis will be: To what extent are today's tensions between democracy and capitalism manifested within the European Council's commitments towards the EU Project, reflected in European Council Conclusion since 2008?*

*The theory on the relationship between capitalism and democracy will provide the crucial background knowledge for my actual analysis. By analyzing European Council Conclusions since the beginning of the crisis in 2008 I will relate the theory to the actual ideological commitment of the European Council as the leading and political direction-giving institution of the European Union. The purpose of this analysis is however not to receive a straightforward yes or no, this or that answer. Rather I expect to conduct a more nuanced analysis in terms of to what extent the European Council manifests its democratic and/or capitalist commitments, understands or sees democracy and capitalism, to what extent tensions between democracy and capitalism are manifested, how the European Council resolves such tensions and which tradeoffs does it make.*

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# **1. Introduction**

## **1.1. Background**

The Background of this thesis is the increasing mismatch between the most important pillars of western society – democracy and capitalism. Brought to public attention once again by the current crisis, is a central question: Who is in charge of our political economy? Democratically elected governments or an elite network of global corporations, financial institutions and rating agencies? And would it make a difference? Today's popular conception of democracy admits a gap between participation in political process and the 'rational' results of that process and value the rational outcomes of politics as more important than the input into democracy or the quality of democracy. Citizen participation, as core value of democracy, is replaced by the rationality of the political process. In order to legitimize this output-oriented democracy, participation remains as a promise in the everyday usage of the term democracy in political life. Moreover rationalized "democracy" is a 'regime-type that produces a certain amount of legal certainty, cultural and educational goods, welfare and other collective goods (e.g. security from terrorism), sacrificing the active political participation of its citizens for these goods'(Jörke, 2007). The liberal market structures imposed on political and social life in what form so ever and thereby suppressing democratic demands and interest are a central theme in almost all articles on the topic, as well as the decline of citizen participation in the formation of politics. Democracy, as Europe's ruling system should gently rule over everything that influences the organization of our societies including capitalist markets. The theory will show that this is however not guaranteed anymore in case of capitalism, especially global capitalism and the current times of crisis.

The thesis will focus on the leading political institution of the European Union, the European Council and its standpoint on the topic of democracy and capitalism. The European Council's attitude, if it has any, towards the tense relationship between democracy and capitalism is of utmost interest, as its current and future behaviour can influence the development of the relationship between capitalism and democracy within Europe. This thesis aims at analyzing the European Council's commitment towards democracy and capitalism, and possible revelations of the tensions between those two concepts within the European Council Conclusions from 2008 until today. I expect that the tensions and clashes between democracy and capitalism, presented in my theory part, as severe as they are, have to be visible somehow within European Council Conclusions. I expect that the European Council is committed to both democracy and capitalism. I am very much interested in to what extent and how the European Council reacts to tensions between its political system democracy and its economic conviction capitalism. Consequently the objective of this thesis is to analyze the European Council's attitude (expressed in European Council Conclusions) and reaction towards clashes between democracy and capitalism in times of crisis.

## **1.2. Research Question**

This chapter will provide the red line through my research in form of the research question. Given the issue between the current form of political organization and market organization – democracy and capitalism - my research question addresses the debate between capitalism and democracy in the European context by putting its focus on the attitude of the leading European Institution towards the debate. The explicit commitment of the European Council, as a representing body of European governance style in general, towards the two ideologies is the new feature that I contribute to the existing body of knowledge on this topic. The theory and literature on the topic is very broad and theoretic. There are little case studies on the attitude of a certain institution like the European Council

(EUCO) available. Another new feature is that I identify six main clashes/tensions between democracy and capitalism and conduct my research along these six areas of tension.

As stated above my general research question will be: To what extent are today's tensions between democracy and capitalism manifested within the European Council's democratic and capitalist commitments towards the EU Project, on the example of European Council Conclusion since 2008?

This research question is a purely descriptive question. European Council Conclusions will be described and analyzed towards their fine ideological tendencies and support of Democracy and/or Capitalism and possible clashes between them. Since the selected European Council Conclusions cover a time span from 2008 until today (June of 2013), which marks the beginning and further development of the current financial and economic crisis, the outcomes of this analysis will reflect the European Councils commitment to democracy and/or capitalism in times of crisis. Another interesting research topic would be if the current commitments of European Council towards democracy and capitalism differ somewhat in European Council Conclusions issued before and during the manifestation of the current crisis. Adding this question to my research would however exceed the volume of this thesis and it is therefore not addressed within this thesis. I strongly suggest further research in the topic.

The further detailed sub-questions will be:

1. To what extent do European Council Conclusions since 2008 show democratic or capitalist commitments, understandings or define democracy and capitalism?

This first sub-question has the purpose of actually finding any of the two commitments within the European Council. Before analyzing a clash between two commitments these commitments need to be present in the first place. I do expect to find both commitments to be present in the European Council. Moreover it would be interesting to see if the European Council presents an own understanding or vision of the two concepts in order to state its attachment towards democracy and/or capitalism. Points of conflict or disputes are irrelevant to this first sub-question.

2. To what extent are tensions between democracy and capitalism manifested in the European Council Conclusions since 2008?

The next crucial step is of course to analyse to what extent the conflicts between democracy and capitalism, which are outlined in the theory, are an issue in the European Council. To what extent do conflicts between the two commitments come up or are the points of conflict surrounded by simply not touching the sphere of conflict for example.

3. How does the European Council make tradeoffs to solve such tensions, and if yes to what extent do those tradeoffs go towards the commitment of democracy or capitalism?

The third sub-question then analyses the manner of treatment of the issue in case of any conflict. This sub-question will be hardest to answer as I do not expect the European Council to obviously neglect democracy in favor of capitalism in an officially published document.

### 1.3. Approach

All the literature combined will provide me with an overall picture of the relationship between capitalism and democracy enabling me to draw conclusions on how capitalist and/or democratic commitments can be expressed and how democracy and capitalism can clash. In order to find out to what extent the European Council shows a democratic commitment or a capitalist commitment I need to formulate what such a commitment would look like in the first place. Then I can answer my further narrowed research questions, which focus on how the European Council manifests its commitments, supports democracy and/ or capitalism, if tensions between democracy and capitalism are manifested, how does the European Council resolves such tensions and which tradeoffs does it make? Only then can I expect a nuanced answer to the kind of commitment the European Council has towards the European Integration Project in the current time of crisis. As stated above I do not expect to find a purely democratic nor a purely capitalist commitment. I rather expect a mixture of both. The interesting question is if one of them prevails over the other one.

The following chapter will address the theory on the relationship of democracy and capitalism. The theory chapter will be structured like the following: first I will dedicate my attention to the main concepts democracy and capitalism and provide a definition which is adequate for my research purposes of both of them at the beginning. I will describe their current tangled relationship on the basis of existing theories and literatures on the topic. This first section of my theory will provide a picture of what democracy and capitalism look like today. My second section of the theory will explicitly address the current clashes between democracy and capitalism which will be partly visible in the first section already.

The third chapter describes the methodology of my research, addressing in further detail my case selection and sampling strategy, the data collection and the data analysis. Moreover this chapter presents the analytical scheme drawn from the theory that will be the basis for my actual data analysis. The fourth chapter will be the empirical data analysis of all European Council Conclusions between the year 2008 and today and demonstrate to what extent the tensions/clashes of today's relationship between capitalism and democracy as they are outlined in the theory chapter can also be found within European Council Conclusions since 2008. The evaluation of the analysis is simultaneously done alongside the analysis and this part will already provide me with answers to my sub-research-questions.

In the fifth chapter I will draw conclusions regarding my overall research question and reflect upon the analysis.

## 2. Theory

### 2.1. Democracy and Capitalism

The most important theoretical constructs for my topic are clearly Democracy and Capitalism. The aim of this chapter is to describe the tensions between the current form of democracy as a political system and the current economic system namely capitalism or neo-liberalism. But this clash between the two concepts does not merely stay at the institutional level but is also extended into our democratic society via for example the civil society and into our democratic culture via our capitalist values and most clearly via our strong wish to consume. All capitalist interferences into the three levels of democracy (system, society and culture) will be addressed in this chapter. I will first present the current relationship of democracy and capitalism referring to existing literature on this topic. At the end of the theory chapter I will draw conclusions upon the clashes and conflicts that seem to exist between democracy and capitalism today (6 in total), which provides a crucial background for my actual data analysis as I am mainly interested in the question to what extent these conflicts can be found in the European Council.



The current form of Democracy in Europe, so Colin Crouch, is liberal democracy and marked by strong democratic institutions and forms (Crouch, 2004, p. 6) like fair elections, rule of law, multiple party system, etc. On the other hand liberal democracy is a form of government where representative democracy is carried out under the principle of liberalism. The almost solely concentration of the democratic spirit on free, fair and competitive elections within a liberal democracy, and the believe in the principle of the invisible hand of the market that allocates resources and profits as efficient and fair as it would never be possible under a state-managed economy, threatens today's (democratic) state and (capitalist) market balance. Democracy as the constant effort to subordinate the world of economics, technology and institutions, as Alain Touraine defines today's democracy (Touraine, 1995, p. 351), fails to subordinate capitalism. Capitalism has long interfered into other spheres of democracy beside democracy as a political form of organization. Capitalism is also present in our cultural and social life, interfering into our democratic value set that characterizes western societies and cultures. Western society believes in Capitalism. The current European democracy is robbed of its democratic spirit via this impregnation of capitalistic market forms and structures on the political and social life.

Capitalism is 'an economic and political system in which a country's trade and industry are controlled by private owners for profit, rather than by the state. Private ownership is a key feature of capitalism' (University, 2013). Neo-liberalism is the most recent sub-form of capitalism. With 'the end of history' (Fukuyama, 1989) in 1989 and, according to Marinus Ossewaarde, 'with the collapse of the communist bloc, capitalism is the only social alternative left for organizing societies. As a result, capitalism not only globalizes, that is, accumulation of capital not only comes to be organized across the boundaries of liberal democratic states, but it also increases in force vis-à-vis its democratic counterpart.' (Ossewaarde, 2012, p. 8). Costs and benefits of free-market capitalism are high and unequally distributed within the international and domestic societies. While the economic and political elites largely receive the benefits, non-elite classes bare the costs. Capitalism exists in more than one form. In their book 'Varieties of Capitalism: The Institutional Foundations of Comparative advantage' Peter A. Hall and David Soskice distinct between two main types of modern capitalism. Namely liberal market economies (LME) and coordinated market economies (CME). An overview of the two types is attached in the appendix (figure1). The type of capitalism present is of course vitally influencing the relationship between capitalism and democracy. In general the coordinated market economy is the more friendly form of capitalism and shows less clashes with the democratic order as relatively more power and control over economic processes lies with the state, compared to the liberal market system. In the CME the individual and public goods and services are slightly more protected from market forces and negative externalities as in the LME.

Global capitalism, the global trade, production, and consumption of goods and services, is a consequence and cause of Globalization. The obvious and often recognized problem is to control and oversee a global economy via individual and diverse domestic states. One of the severest challenges global capitalism poses to democracy, according to David B. Audretsch and A. Roy Thurik, is the capitalist-economies detachment from the complete control of the national level (David B. Audretsch, 2000). Thurik and Audretsch (article: Capitalism and democracy in the 21<sup>st</sup> century: from the managed to the entrepreneurial economy) add moreover that a good performance of Europe as an economic standpoint requires a policy focus on global competitiveness, growth and employment instead of excess profits and abuse of market dominance. An entrepreneurial economy, instead of a managed economy, is apparently necessary to establish comparative advantages in the era of global competition. The economic survival of a nation under global competition, forces said nation to adapt towards the demands and needs of a globalized economy. Government power and decision-making is extremely biased by liberal business interests. If global firms do not find a local fiscal or labour regime

congenial, they will threaten to go elsewhere. They, so Crouch, can 'therefore have access to governments, and influence the policies being pursued by them, far more effectively than citizens...which remain more or less rooted to their native nation state' (Crouch, 2004, p. 32). Moreover there is a superiority of private expertise in the hand of the firms compared to public expertise, and public research often depends largely on individual firm funding. 'The (economic) power of firm executives that they already possess within their firms becomes translated into a far more extensive political power. This challenges severely the democratic balance' (Crouch, 2004, p. 46). This is also in line with what Jean-Marie Gu  henno observes in his work 'The End of the Nation State' from 1993. According to him, this new epoch formed by economic globalization and the quick spread of especially information technology sets an end to the domination of the nation state - as the framework giving entity to order, in its economic, political, sociological and cultural meaning. In short what happens is that capitalism goes global after the end of the Cold War and democracy, even though spreading on the domestic levels throughout the world as defeating communism, does not.

The core value of capitalism and neo-liberalism, if they have any, is free market competition. Competition creates efficiency and leads to the survival of the fittest. This economic 'liberalism is permitted to leak into democracy' (Crouch, 2004, p. 8). Applied on political and social life as we can observe it today in the western world this means that 'politics and government are increasingly slipping back into the control of privileged elites in the manner characteristic of pre-democratic times', as Crouch claims it (Crouch, 2004, p. 6), as they are the winners of competitive struggle for political power and interest representation - egalitarian citizen participation is limited in the political life. The impregnation of capitalist structures, rules and norms on the political life moreover requires democracy and government to be efficient even though it is acknowledged that a state cannot achieve the superior efficiency of the markets. This leads to the common public picture of the state as a large institution, slow in its procedures, running a costly oversized bureaucracy and wasting tax money on oversized welfare states and other public entities and most important by doing so limiting the economic potential of an economy. This was especially the case after the 1970's crisis and the following abolishment of large scale welfare states by neo-liberal democracies.

An important question to understand the relationship between democracy and capitalism is how did the privileged elite get to dominate political life? Via the political economy which had its modern beginnings in the era of market liberalization and privatization in the 1970's after the collapse of the Bretton Woods system and the establishment of global free movement of capital. The economy has always been lead by the capital owning class. In the era of liberalization, Washington Consensus and Co. the liberal governments turned from a market restricting and controlling policy towards liberalization and privatization, opening doors for large corporation to turn even more powerful and wealthy. And with the corporations wealth and influence on the public and politics the wealth and power of their owners logically increased too, often in irrational amounts compared to lower or middle class citizens. In the 21<sup>st</sup> century and times of global capitalism the elite does not only hold immense economic power and wealth but they also 'acquired the privileged political role that has always been the mark of true dominant classes. This is the central crisis of early twenty-first-century democracy' according to Crouch (Crouch, 2004, p. 52). Through the fusion of politics and economics 'Political life becomes economic life', a statement made by Ossewaarde which completes Crouch thoughts (Ossewaarde, 2012, p. 9), equal in main actors and represented interests and on a global scale due to the spread of capitalism via liberal democracies all over the world.

Moreover Ossewaarde says, 'in Europe's liberal democracies, civil society is the rational form through which democracy and capitalism are reconciled...As a democratic institution, civil society is, at least potentially, an extra-parliamentary force of movement activism that can potentially check, through



forms of resistance and the exercise of counter-power, the excesses of the power structures of liberal democracy' (Ossewaarde, 2012, p. 7). This is the civil society's democratic face but Europe's civil society also has a capitalist face. The mayor part of civil society is formed by 'socio-economic associations (labour unions, employer associations, labour parties, capitalist parties)' (Ossewaarde, 2012, p. 7) which pursue different interests regarding labour-capital relationships. More importantly though is the transformation of citizens into consumers within civil society. The homogeneous consumer pursuing capitalist and self-centred interests becomes the political citizen and turns the democratic civil society into a consumer society. His/her interests seem to be best served by perfect market competition, privatization and liberalization in order to guarantee the ultimate state-unbiased freedom of consumer choice as efficient as possible. The state as intervening actor between market and citizens becomes rather an obstacle than a mediator and protector when it comes to the question of consume.

Summarizing so far, this means Europe's current democracy is marked by neo-liberal market rules, norms and structures dominating political and social life. As economic life becomes political life the democratic citizen turns into the homogenous consumer turning civil society into an ally of capitalism and the market and less into an extra-institutional force of democratic control. The economic elite becomes the political elite acting in correspondence of keeping the status quo. This definition of a capitalistic/ neo-liberal influenced democracy conflicts with all three elements of government of, by, and for the people. And the paradox of the unification of capitalism and democracy is according to Samuel Bowles and Herbert Gintis, that 'the dynamics of liberal democratic capitalism have propelled us towards a fateful crossroads: one way-the extension of capitalism; the other-the extension of democracy. The choice itself heralds the twilight of the liberal tradition, which since the early nineteenth century has maintained the compatibility of capitalism and liberal democracy' (Gintis, 1978, p. 358). Having to choose always results in the neglect or discrimination of the alternative not chosen.

## 2.2. Clashes today

### *Clash 1*

A first clear point of conflict is the distribution of power that a democracy requires and that capitalism seems to undermine. A first principle is that within democracy *power is connected to citizenship* while within capitalism *power is connected to property*, today and in pre-democratic times. The connection of power to property instead or even alongside citizenship is a threat to *egalitarian citizen participation*.

Moreover within democracy in a nation state there is a clear *hierarchical order of power distribution*. Even though decision-making power lies ideally at the people, the power to formulate and execute the public will lies at the state and central government. The age of hierarchy and central government has passed though, which many people might take for good news – myself included. However 'we focused on controlling power by power and diversifying power', so Jean-Marie Guéhenno (Guéhenno, 1993), over decades with one result: sovereignty is more and more permeable and citizenship less significant in political influence. The power shift from the nation state to an 'impalpable but pervasive network of networks' (Guéhenno, 1993) is the root of *elite-politics*. As the position within and the access to the *network of governance* becomes more important than public citizen participation, power lies no longer at the people. Democracy, as a political form of organization, is characterized by a *clear distribution of power*, separated to control each other. Capitalism ideologically requires an unclear and almost *hazardous distribution of power* where power is multiplied, leading to a rule of and for those who poses power and wealth, since wealth is power.

Moreover as the economic network interferes with the political network through liberal lobbying, double staffing, and soft forms of corruption, business interests become overrepresented and the economy our almost only concern in political life. Again, '*Political life becomes economic life*' (Ossewaarde, 2012, p. 9) within the democratic perfectly functioning institutions and within civil society.

### *Clash 2*

The last sentence brings us direct to the next zone of conflict – *civil society*. A former '*extra-parliamentary force* of movement activism that can potentially check, through forms of resistance and the exercise of counter-power, the excesses of the power structures of liberal democracy' (Ossewaarde, 2012, p. 7), is today more or less paralyzed and generally driven by capitalist individual self-interest goals, *mass consumption needs*, and only relatively weak remains of trade and labour unions, compared to the business competition, indicating passed times of a strong and politically active civil society.

### *Clash 3*

Another clash between the concept of capitalism and democracy can be observed in the *entrepreneurial culture of capitalism*, which boils down to competition and survival of the fittest. But a (liberal) *democracy means inclusion* of all the people which is the opposite of competition. Therefore liberal democracy needs to restrain some capitalistic forces on its citizens while legitimating capitalistic relations at the same time. The welfare state was the glue between democracy and capitalism, and justified the unequal distribution of wealth according to liberal market rules during the second half of the 20<sup>th</sup> century. As the welfare state declines and becomes another object of commercialization forces, this crucial role of the welfare state gets lost. The welfare state was the vital part to a harmonious relationship between democracy and capitalism as it lifts up most of the collateral damage capitalism brings to a democratic society, not only by encouraging elite participation and neglecting those that the market sees as inefficient, but by overlooking fundamental democratic morals and values like equality of participation and opportunity, social justice, a certain interest in the common good and increasingly also the right to privacy. The paradox is that some democratic values are not at all threatened but rather strengthened by capitalism as a form of market and social organization, like *liberty, individualism, freedom* (to a certain extend) and *security*. This allowed for a great match of the two ideologies in the first place. Consequently capitalism supports the intensive pursuing of certain democratic values on the costs of other democratic values which is inherently rooted in the opposing nature of some democratic values itself – *security and privacy, individualism and equality, freedom and freedom of others, rationality and public will/ common good*. In general the only value of capitalism is the market rationality. All other values like freedom or security or any value one could think of are applied rather flexible if they suit the purpose of a rational action. The 'extreme' individualism that accompanies the unregulated entrepreneurial capitalism allows for any value, which some scholars set equal to no value (nihilism) as all are allowed. The welfare state provided partly the opportunity for the state to uphold those violated democratic values through the back door (especially the values equality, social justice and interest in the common good) which is the reason why a liberal democracy with a welfare state and a capitalist neo-liberal free market economy look fabulous when combined. But even the welfare state, including much more than just unemployment benefits and pensions during the high times of social democracy, is highly expensive and inefficient especially in times of crisis.

This brings us to the next value clash - *democracy against capitalist efficiency and rationality*. There is almost no arguing - yes, democracy is inefficient and yes it can produce irrational outcomes. However does it need to be efficient and is a policy output best suiting the common good of a nation not automatically rational no matter how irrational it seems from a scientific point of view? The two

convincing arguments against this tolerant view of democracy that capitalists like to present, and successfully introduced into the minds of many or at least many influential individuals, are:

In order for democracy to cope with the increasing speed of global capitalism it does need to be efficient and quick or it will become useless and a rigid obstacle in 'the nations favorite goal' of being a good economic standpoint with high comparative advantages (see Thurik and Audretsch above). The paradox of making democracy a quick decisive and flexible democracy is that it allows capitalism to further increase its speed as market forces would be no longer hold back by long democratic interaction processes – the entrepreneurial character of the economy would be reflected in democracy as well. This is exaggerated and not the case (yet, not yet...who knows), but an increasing democratic 'efficiency' instead of quality which requires extensive debate and elaboration of possibilities can be observed. Hubertus Buchstein and Dirk Jörke see the limitation of active egalitarian citizen participation in political life as an effect of valuing efficient policy output higher than democratic policy input (Jörke, 2007). Best examples are EU summits, out of schedule conferences and emergency meetings that provide a solution to deeply rooted monetary, economic and social problems of 27 diverse countries, within one or two days, by 27 heads of states and their advisory machinery. The fact that some national parliaments have to confirm some of these decisions before they are being enforced is a small comfort, keeping in mind extensive business lobbying towards national parliaments and the frequently recurring scandals of bribing and corruption in connection to several European, national and local parliamentarians (more or less extreme within different EU countries).

#### *Clash 4*

Another clash is that in democracy priority lies at *the public interest*, while capitalism sees *the private interest* as a right and a motor of innovation, growth and force behind any economic activity. The principle of a liberal non-regulated market is that government shall in the public interest not restrict or regulate the free economic private interest of its citizens in order for the economy to flourish under mere market rules. This seems to be a genius solution as it matches public and private interest, but actually it turns public into private interest, which is a small but crucial difference. Crouch explicitly reminds us, that 'popular demand (is) that power of government should be used to challenge concentration of private power' (Crouch, 2004) however modern governments fail to do so as they liberalized the market extensively in the past and thereby logically private interest. Liberalization and privatization free private interest from regulation, allow it to concentrate and logically create private power outside the control of the government. Globalization raises this to a new level, as it allowed the concentration of private power on a global level, a sphere where individual government power is knowingly quite weak.

#### *Clash 5*

A very interesting zone of conflict between democracy and capitalism is *debt* and its restrictive effects on *autonomy*. Generally speaking debt offers possibilities for some to acquire own wealth by lending from those who already possess more wealth than they currently need for their own economic activities. Within capitalism debt is a widely accepted side-effect or necessity for investment. Entrepreneurial capitalism lives from investment. Within the financial sector the trade of debt even offers possibilities to make long profit-chains out of debt. The possibility to make debt even guarantees the commonly high standard of living within Europe – debt allows individuals to build houses, local governments to build schools, the state to provide public goods like infrastructures and national security and it allows all of them to pay back old debt they made in earlier times. However debt has a dark side. The lender or creditor acquires power over the debtor until the debt is paid back, as he/she technically owns whatever the debtor invested in until the debtor paid it off. In the European Union, where state indebtedness is widespread and high, this has a massive effect on the power distribution within

negotiations, the autonomy of individual states, and the ability of wealthy Members to interfere in internal affairs of debtor-states.

The limitations debt puts on the democratic decision-making abilities of the debtor account from the individual level up to the state level.

#### *Clash 6*

However democracy does not always draw the unlucky lot. There are some restrictions to capitalist forces posed by democracy within the European Union. Gerard Delanty provides a very useful theory on the limitation of capitalism due to social dimension of Europe. 'Despite the conflict between capitalist markets and democratic politics the project of European integration sought to achieve a balance between *economic competitiveness* and social cohesion. *Solidarity and social justice* are not concrete facts but transcendental ideas that make possible institutional arrangements and guide political practice. The concrete outcome has been a certain balance between capitalism and democracy' (Delanty, 2012, p. 449). This balance is however shifted in times of crisis, and in the present one can observe a drifting apart of democracy and capitalism, as argued before. Despite the fact that the EU project started as a solely economic integration project, achieving integration via the liberalization of the capitalist European market, a certain solidarity and value of social justice (both democratic values) characterizes the European Union, even though this solidarity is stronger within individual state than among them. This 'European model of social capitalism' (Delanty, 2012, p. 450), as Delanty calls it, is threatened by the current financial crisis which is a product of capitalism. The current crisis, that begun in 2008, threatens nothing less than the nation states ability to secure the pact between *labour* and *capital*, market and democracy.

At the end of this chapter six zones of tension or clashes between democracy and capitalism are identifiable. The first one is with regard to the distribution of power. This tension is built up on two columns, firstly the distribution of power attached to citizenship as a democratic principle versus to wealth as a capitalist practice, and secondly the distribution of power within hierarchical structures versus within opaque networks, which in case of the networks leads to a fusion of politics and economics - two columns of democratic life that should interact with each other but be separated. The second sphere of tension lies within the role of the civil society (the active citizen vs. the homogenous consumer), the third within the clash of democratic and capitalist values (e.g. democratic quality vs. efficiency and rationality) and the fourth within the tensions between public interest and private interests (e.g. the commercialization of public goods). The current general overrepresentation of private business interests in policy output opposing to the greater public interest leads for e.g. Crouch to claim that current policy output is elite policy. The fifth tension lies within the issue of debt and autonomous decision-making and the last tension can be found in the limitation of economic competitiveness through the European model of social justice and social solidarity. This chapter provides the theoretical basis which can now be applied on the European Council.

### **3. Methodology**

Now that it is clear how the current tense relationship between democracy and capitalism looks like and where the clashes are, this chapter will provide the framework on how to apply the theory on the data which is to be analyzed – European Council Conclusions since 2008. This chapter will start with a section on the case selection and sampling method. Furthermore the exact method of data collection is explained and the process of the data analysis is outlined. Finally the analytical scheme of the analysis will be presented showing how the theory is linked to the analysis.

### 3.1. Case Selection and Sampling

In order to answer the research question of this bachelor thesis primary data will be analyzed. Every time the European Council (usually twice per half year) meets it issues a European Council Conclusion stating the main outcomes of the meeting. These released documents are no legal documents as the European Council has no formal legislative power but they nevertheless state the 'general political directions and priorities' (Union, 2007) of the European Union. The European Council as the highest direction giving institution within the European Union is an especially interesting case as its political preferences will have an effect on all government instances (national, regional, local) below them. Moreover European Council Conclusion reflect the common believes of all European Heads of government and are therefore a powerful indicator of attitudes towards democracy and capitalism throughout high European politicians, the domestic parties governing at the time of each Conclusion issued and the highest level of European governance. The ideological commitment of the highest European Institution is at stake within this analysis.

The unit of analysis of this study is the European Council and the unit of observation are the selected European Council Conclusions. The sample of European Council Conclusions that will be use to conduct this analysis is selected on various grounds, and therefore can be seen as purposive sampling. Used are European Council Conclusions since the beginning of the recent crisis in 2008, as this seems to be a reasonable point in time to me to analyze possible tradeoffs between democracy and capitalism in the EU. Moreover all European Council Conclusions issued since 2008 will be used, even those of extraordinary meetings in addition to the formally scheduled once, to ensure that no important steps taken by the European Council are excluded from the analysis. The research faces a certain threat of spuriousness due to the particularity of policy themes, issues and topics addressed by the European Council recently. Though one could argue that even in times of severe financial and economic crisis, democracy as a core value of the EU should not suffer under more suppressing demands that crisis tend to bring about. The topics and issues dealt with by the European Council should therefore not matter. Even though one has to keep in mind that different topics caused by a different type of crisis or whatsoever could lead to a different outcome of the research.

### 3.2. Data Collection

The data used to conduct the analysis are European Council Conclusions which are the most feasible documents to conduct a research on the general attitude and standpoint of the European Council. The data used is qualitative data and all of it will be primary data. As the aim of this research is to find out if there is a conflict between democracy and capitalism in the European Council, and if yes how this conflict is dealt with, the choice to analyze European Council Conclusions will provide for a high external validity as this thesis does not seek to make any general conclusions from the findings on other EU institutions or the EU as a whole. European Council Conclusions are freely available in 23 different languages of the European Union on the website of the European Council (<http://www.european-council.europa.eu/council-meetings/conclusions>) which is were they were downloaded for the purposes of this research in pdf format. The official documents are on average around 18 pages long though the size can vary. The longest European Council Conclusion is 48 pages while the shortest is only five pages long. The Conclusions of European Council Special Meetings are shorter and can consist of only one page. In the year 2008 and 2009 the EUCO issued four Conclusions per year, 2010 it issues five, 2011 it issued seven, 2012 it issued again five and 2013 it issued three so far (total:29). A table with the individual analysis outcomes of each EUCO Conclusion also including their exact date of issue is attached in the appendix (figure 2).



### 3.3. Data Analysis

In the data analysis European Council Conclusions will be evaluated on the basis of various theories on the concepts of democracy and capitalism and the conflicts between the two. This study will be a content analysis, which means a qualitative assessment. The analysis will be based on the theory in chapter two. This means that the analysis focuses first on democratic and capitalist commitments independently from each other, while differentiating between direct democratic or capitalist commitments, where no further interpretation is needed as the commitment is literally stated as one by the EUCO, and indirect commitments which are revealed through action, actors, sectors, tendencies, ideas, etc favoured or disliked by the EUCO. This indirect commitment will be present much more frequently than the direct one as the aim of EUCO Conclusions is basically not the expression of direct commitments, but the forward looking future political actions that should be pursued by the Union as a whole. Some EUCO Conclusions, sometimes only parts of them but whole ones as well, do not offer a democratic or capitalist commitment at all as they only address technical or formal topics or deal with neutral issues like concrete procedural details of migration policy for example or the formal outline of various partnerships with third countries. Also with regard to 'non-neutral topics' like for example measures addressing the 2008 crisis, not every sentence, statement, paragraph or sometimes even whole pages include a direct or indirect commitment to democracy or capitalism. And interpreting one into everything the EUCO says would not be credible.

After this first step of analysis, aimed at answering my first sub-question, the analysis will be structured along the six fundamental clashes between democracy and capitalism, identified within the theory section, and to what extent they are present within the EUCO Conclusions (second sub-question). Moreover in case of clashes/tensions, I will analyze which commitment-direction is favoured and see to what extent the EUCO creates a trade-off situation between capitalism and democracy (third sub-question).

In addition to that I will also evaluate the EUCO concerns with certain topics – which topics receive a lot or just little attention and are these topics concerning the democratic or capitalist development of the EU? I do not use a strict equal analytic procedure for all the EUCO conclusions as they differ greatly regarding structure, size and topics dealt with.

A possible threat might be that it can be rather hard to evaluate the European Council Conclusions regarding a certain commitment (be it democratic, capitalistic or of any other kind) as the European Council Conclusions tend to be rather broad, as they are only indicating the political direction and priorities of the EU which requires a certain openness and freedom of interpretation. The results of my research will consequently be vulnerable to external critic since actions, opinions and statements by the European Council are very much open to different interpretations. To counter this threat I will establish a list or guide in advance to the actual analysis where I clarify what indicates a democratic and what indicates a capitalist commitment of the European Council towards the EU Project. I see democracy and capitalism as two dimensions which means it will be possible to find only a democratic commitment, only a capitalist commitment, both of them or none of them during my analysis. In order to answer my first sub-research question I will only dedicate my attention to democratic commitments and capitalist commitments leaving aside if they clash or not. Then I will proceed to the possible tensions and clashes between EUCO's democratic and capitalist commitments in order to answer my second and third sub-research question. After answering my sub-questions I will provide an answer to my overall research question in the conclusion.



*Analytical scheme:*

RQs	Concepts	Indicators	Keywords
To what extent democratic or capitalist commitment?	Democratic Commitment	Civil society as extra parliamentary control	Mass information and participation
			Interest variety and dialogue
			Concern for public confidence
			Active political citizen
To what extent tensions between the two?	Democratic Commitment	Independent institutions	Lobbying/ decision-making within institutions: corporatism
			Labour protection
			Regulate/compensate/prevent negative market externalities
			Welfare state / provision of public goods
How are tensions solved? Possible tradeoffs to which direction?	Capitalist Commitment	Civil society as the cradle of economic and private interests	Mass consumption
			The economy as the central theme in political and social life
		Deregulated markets	Flexible labour conditions
		Liberal rules for democratic participation	Lobbying: pluralism
			Overrepresentation of business groups/lobbyists
		Elite Policy	Overrepresentation of business interests in policy output

## Overview of possible clashes:

Clashes between Democracy and Capitalism	1) Distribution of Power	a) Hierarchical vs. network
		b) Power with citizenship(people) vs. power with wealth (elite)
		c) separation of private and public power
	2) Role of civil society	a) Active citizenship diversity vs. homogeneous consumer
		b) Egalitarian vs. elite participation
	3) Value clash	a) Democratic quality/debate vs. market efficiency
		b) democratic values vs. market rationality
	4) Autonomy	Autonomous decision-making vs. decision-making biased due to indebtedness
	5) Interests	Public vs. private
	6) labour and capital connection	Economic competitiveness vs. European social solidarity and social justice

This analytical scheme will provide me with a red line regarding my analysis as it connects the theory of tensions between democratic and capitalist commitments with my analytical search for those tensions within the EUCO Conclusions. Using this scheme I can first turn to my first sub-question regarding general democratic and/or capitalist commitments the EUCO expresses, and then towards

the question to what extent possible tensions/clashes listed in the table (and worked out in the theory) between democracy and capitalism are present within the EUCO Conclusions. The analytical scheme provides a summarized insight into the conclusions of the theory. It enables me to analyze the EUCO's democratic and capitalist commitments, and especially the possible presence of concrete clashes between the two concepts within the EUCO Conclusions since the beginning of the crisis.

## 4. Data Analysis

In this part of the thesis the 29 selected European Council Conclusions will finally be analyzed regarding their capitalist and/or democratic commitment and the possible appearance of the six clashes between today's democracy and capitalism. The aim of the empirical data analysis part is to find out whether the theory on a conflicting relationship between democracy and capitalism is reflected in the European Council Conclusions – hence whether the conflict between democracy and capitalism is an issue in the European Council. The data analysis will be organized around the analytical scheme presented in the previous chapter which reflects the content of the theory by outlining indicators and keywords pointing at democratic and capitalist commitments, as well as presenting the core of the tension zones of the two main concepts of this analysis. As said I will start out with mere commitments, differentiating between direct and indirect ones, in order to answer my first sub-question. Then I will continue with the clashes between democracy and capitalism found within the EUCO Conclusions in order to answer my second sub-question and then turn to possible trade-offs of commitments the EUCO make within the clashes to answer my third sub-question. The combined answers of my sub-question will enable me to elaborate in detail to what extent today's tensions/clashes between democracy and capitalism are manifested within the European Council's democratic and capitalist commitments towards the EU Project, on the example of European Council Conclusion.

### *Commitments*

Within EUCO Conclusions various commitments towards democracy and capitalism can be found. Direct commitments, where the EUCO literally states its positive affection, support or concern to one of the core concepts, exist only for democracy. Within all 29 EUCO Conclusions eight direct commitments to democracy can be found. All direct democratic commitments concern the EU foreign policy. An example would be that the EUCO underlines 'the importance of keeping human rights and democracy at the centre of EU foreign policy' (Council, 2012c, p. 6). The other direct democratic commitments are very similar to this one and can be found in the EUCO Conclusions of the 20<sup>th</sup> of June of 2008 (two direct commitments within the topic Kosovo), the 26<sup>th</sup> of March of 2010 (within the topic of the Ukraine), the 11<sup>th</sup> of March of 2011 (within the topic of Libya), the 23<sup>rd</sup> of October of 2011 (within the topic of the democratic transformation of the Southern Neighbourhood), the 2<sup>nd</sup> of March 2012 (within the topic of the Southern Neighbourhood) and the 8<sup>th</sup> of February of 2013 (within the topic of the Arab Spring).

The concept of capitalism is not directly addressed, supported or even mentioned once within all selected EUCO Conclusions.

However regarding indirect commitments it clearly outruns democracy in quantity. In total one can observe 26 indirect democratic commitments and an additional four indirect democratic commitments that cause a clash between democracy and capitalism, but those four will be addressed later on. Indirect capitalist commitments total up to 27 plus an additional 21 indirect commitments that clash with democracy, but again those last 21 will be addressed in detail later in order to avoid repetition.

The EUCO indirectly commits itself to democracy, democratic principles and democratic values in various ways. Sometime obvious commitments to democratic values like equality, justice and the rule of law, freedom, security, human rights, cultural cooperation, social cohesion and social as well as other forms of solidarity are literally stated. The first indicator of a democratic commitment my in analytical scheme is ‘the civil society as an extra parliamentary control force. The EUCO recognizes and supports this role of civil society within foreign relations: ‘Civil society has an important role to play in the transitions to democracy..., well-grounded democracies beyond the electoral process’ (Council, 2013a, p. 4/5). Three times the EUCO addresses the need for mass information and mass participation. Once regarding the provision of all necessary information on nuclear energy to the public (Council, 2011e, p. 11), once it supports a public consultation on the citizens’ initiative, which is an attempt to more actively involve citizens into the political debate on the EU level and a consultation of the public opinion, and lastly the EUCO commits itself to egalitarian citizen participation by requiring ‘free, fair and democratic elections’ (Council, 2008d, p. 15) from admission candidate status countries. The last statement can however only be valuated as a weak commitment to democracy through the support of mass participation, as according to the theory mass participation should not be limited to participation and the EUCO doe not address the issue of citizen participation otherwise beside through elections. Another indicator of the role of civil society as an extra parliamentary control force was interest variety and dialogue within civil society and moreover the concern for public confidence. The EUCO commits itself to promote civil society development and dialogue (in the Western Balkans) (Council, 2008d, p. 24) and shows that it is concerned with the confidence of the public into its doings by stating that a general objective for the EUCO is to ‘ensure democratic legitimacy and accountability at the level at which decisions are taken and implemented’ (Council, 2012b, p. 5). This is a clear democratic commitment as only with sufficient democratic legitimacy and accountability decision-making power can be with the citizens and civil society can function as a force of democratic control.

The following indicator for democratic commitments is independent institution and corporate lobbying/ or decision making within institutions. The EUCO favours a corporatist model of policy-making within its institutions and summits. So does it for example require the inclusion of all stakeholders including the social partners into an employment summit of 2009 (Council, 2009c, p. 7), thereby indicating its commitment to policy making with a consensus-approach of all policy-effected parties. An even stronger commitment to corporatist policy-making is the statement that ‘implementing (...) policies (..) close cooperation will be maintained with the European Parliament and other EU institutions and advisory bodies (ESC, CoR), with the full involvement of national parliaments, social partners, regions and other stakeholders’ (Council, 2011e, p. 3). The independence of public institutions is only little addressed within EUCO Conclusions (2008-2013), in fact only one side statement which requires public statistical offices for data provision from the national to the EU level to be fully independent. The independence of information from government and private actors is however a crucial necessity to maintain unbiased democracy within the Information Age and this commitment should therefore not be underestimated. Democracy depends on an unbiased media. Only with the media as an independent institution of democracy, delivering unbiased information, as in facts and all varieties of opinions, can a political choice of anyone be independent and free of bias. Unbiased information is therefore a crucial element of unbiased democracy that is not prejudiced by any kind of powerful or influential actor group via the democratic institutions including civil society and media).

The last general indicator for a democratic commitment is the reflection of the greater public will and interests within policy output. The first keyword – labour protection – is a concern of the EUCO. In

some policy fields the EUCO fully supports labour protection, like for example in foreign relations (Council, 2010a, p. 3) where democratic concerns are in general largely and often expressed. Internally the EU frequently states that it is recognizing also the social impacts of the crisis and attaches 'high importance to social progress and the protection of workers' rights; public services, as an indispensable instrument of social and regional cohesion; the responsibility of Member States for the delivery of education and health services' (Council, 2008a, p. 12) these intentions are clearly within the interest of the public, protect labour and call for essential goods to be provided publicly by the states, however concrete measures on how to achieve these goals of solidarity, equality and social justice are not given. The regulation, compensation or prevention of negative market externalities in order to protect the great public or even minorities indicates a commitment to democracy as well. Market regulation in favour of solidarity with those being harmed often opposes capitalism and the free rule of the market, as argued by Delanty who calls still doing so the European model of social capitalism. However it does not need to, depending on the 'regulation' measure introduced. In the early EUCO Conclusions of 2008 the EUCO favours a better supervision and transparency of financial markets, which is a first effort of democratic control over the financial sector, the source of the crisis, through state authorities and public policy however it is not limiting activity within the market yet, which is why no clash is observed. Later on the EUCO actively uses the word 'regulate', so this particular democratic commitment will be addressed within the part on clashes again. Welfare and the provision of public goods are also seen as indicating democracy as both as well signal that political output favours the interests of the great public, and are important measures to achieve social cohesion and equality. In connection to the energy transport system the EUCO is dedicated to support private investment with public finances in cases where energy transport projects are justified from a security of supply and solidarity perspective but do not attract market-based funding. (Council, 2011b, p. 3) Consequently the EUCO sees energy, even though this sector is extensively commercialized, partly as a public good requiring state intervention into the market in order to secure it.

Another democratic commitment can be seen in the high concern of the EUCO about the denial of the first version of the Lisbon Treaty Irish People. Within the EUCO Conclusion of the 12<sup>th</sup> of December of 2008 the EUCO elaborates what exactly lead to the denial and is eager to include the public interest of the Irish People within the new version, supporting an increase of dialogue with the Irish public to avoid further rejections.

In general, what is important to keep in mind regarding the commitments of democracy of the EUCO? To what extent do European Council Conclusions show democratic commitments, understandings or define democracy? Direct commitments concern exclusively the political situations in non-EU states. Internally the EUCO seems to assume democratic reforms are completed, with the exception of the need for further democratic legitimacy and accountability. This is in line with the first half of Crouch's definition of liberal democracy which is marked by strong democratic institutions and forms. The EUCO indicates that it does see the Civil Society as having role of extra parliamentary control and is concerned and makes some efforts to guarantee that the intended policy output reflects the great public's will by stressing core values of European Society, namely solidarity, social justice and equality with regard to the access to some public goods. However concrete action proposals with regard to these policies are very limited. The EUCO is concerned with the public opinion of individual member states, even if they represent only a small percentage of overall EU population as the case of Ireland demonstrates.

I will now turn to indirect capitalist commitments where one will soon see that concrete action proposals to guarantee a proper functioning of the capitalist economy are not missing at all. The

economy and its proper functioning within times of crisis receive the biggest share of attention within EUCO Conclusions.

The first indicator for a capitalist commitment is the differentiated role of the civil society as the cradle of economic and private interest. Keywords are mass consumption and the economy as the central theme in political and social life. Mass consumption is not addressed. The EUCO definitely sees the economy as the central theme in political and economic life though. The most stated issue in the EUCO Conclusions from 2008 to 2013 is the pursued increase of competitive, innovative, sustainable and productive economy in order to cope with the negative growth, employment and social effects of the crisis and hence improve the welfare of citizens. All measures, from the stabilization of the financial sector, over new external free trade partnerships, to an 'efficient, liberalized and well connected internal energy market' (Council, 2009c, p. 9) have the purpose of creating more competition and growth which will then create jobs and be 'contributing to European competitiveness (which) remains a priority' (Council, 2011b). This is completely in line with what Audretsch and Thurik would expect from states to do – a policy focus on global competitiveness, growth and employment which is necessary to achieve a good performance of Europe as an economic standpoint within global competition. The social effects of the crisis are concretely only addressed via increasing competition, growth and employment (in that order). I will come back to this issue within the part on sound clashes. Moreover competitiveness is not just the priority and solution to the current economic struggle but also for negative social welfare consequences the crisis has within Europe – 'competitiveness remains our key priority... and thus enhance the welfare of citizens' (Council, 2012c, p. 1). The well being of the economy brings along the well being of the citizens. This attitude is the complete opposite compared to the policy approach during the golden ages of growth where Keynesian policies, the support of mass consumption and mass production, and Fordist production methods showed that 'for the first time in the history of capitalism, the general health of the economy was seen as depending on the prosperity of the mass of wage-earning people' (Crouch, 2004, p. 7). This attitude again indicates, that for the EUCO the economic life is the political and social life, and that politics task is to create favourable growth and competition conditions for the economy to grow and thereby indirectly, and only through the economy, reach and address the welfare needs of the state's citizens. The EUCO proves its priority-commitment to the well functioning of the economic and financial system various times. For example when it comes to budget consolidations. The EUCO explicitly asks for national budget consolidation of Member States if needed, and repeatedly requests that 'priority should be given to growth-friendly budgetary consolidation strategies mainly focused on expenditure restraint' (Council, 2010b, p. 2) and even ore forcefully: 'programmes determined to continue undertaking measures to underpin fiscal sustainability and improve competitiveness. We invite ...to keep up their efforts, to stick to the agreed targets and stand ready to take any additional measure required to reach those targets.' Consequently budget restrictions should not effect economic growth negatively; an equal statement is missing for solidarity measures which gives an hint where priorities lie in times of crisis. The protection of the smooth functioning and liquidity of the real economy as the prevailing goal of government to which all other goals are subordinated can be seen as actively making the economy the central theme of political and social life and is therefore a clear capitalist commitment.

With the present internal market being rather weak and cautious the EUCO also turns to growth triggers connected to external markets. The EUCO is very fond of global market liberalization and sees it as great opportunity for Europe. In five of the selected EUCO Conclusions one can find a commitment to an open world economy – 'efforts should in particular be geared to the removal of trade barriers, better market access, appropriate investment conditions, the protection of intellectual property, access to raw materials ant the opening up of public procurement markets' (Council, 2011c,



p. 6). All indirect commitments to capitalism made that do not clash with capitalism are basically the request for more market deregulation, mostly in connection to energy (Council, 2009c), the 'reduction of administrative burden regarding annual accounts, company law, taxation and customs' (Council, 2011c, p. 2) or international trade. They are very broad in their scope though and the effects will be different depending on the manner and location of implementation. Therefore those commitments can not be claimed as clashing with democratic commitments without further investigation into and observation of the future developments of these policy advises. A concrete keyword for deregulated markets is flexible labour conditions, as labour conditions are the biggest link from capitalist market rules to the public interest of a democratic society. The EUCO does not directly advice the further flexibilization of the labour market. However, on the one hand states that it supports labour and consumer protection and on the other hand the efficient decrease of regulatory-burdens within a competitive economy on EU and national level (Council, 2013b). With particular regard to labour this compromise between public and private interest is called 'flexicurity' by the EUCO which 'strikes a balance between flexibility and security on the labour market and helps both employees and employers to seize the opportunities globalisation offers' (Council, 2008b, p. 10) – a very vague statement. Consequently this statement can neither be really evaluated as a democratic commitment through labour protection, nor as a capitalist commitment through labour flexibilization. This statement is however still important to this analysis, as it indicates an avoidance of a clashing situation between public and private interests by taking no clear side at all and leaving the issue as broad and all-embracing as possible. With regard to the position of labour within global capitalism the EUCO addresses the conflicting issue between private and public interest to an insufficient extent.

What I can I conclude about democratic and capitalist commitments within the EUCO Conclusions for this? To what extent do European Council Conclusions show capitalist commitments, understandings or define capitalism? Concluding one can say to the capitalist commitments of the EUCO, which are all indirect, that first of all EUCO policy advises and requests are dominated by economics. The most striking fact is that the EUCO sees the economy as the central theme within economic and social life. The government seems to serve the capitalist economy and only through that indirectly the citizen welfare. The EUCO's behaviour of putting its policy focus on global competitiveness, growth and employment which is necessary to achieve a good performance of Europe as an economic standpoint within global competition, is completely in line with what the theory states on the behaviour of states acting within a globalized economy. According to the Theory, and Audretsch and Thurik, the EUCO is consequently already fully under capitalist market demand pressures, serving the demands and needs of a globalized market economy. The capitalist commitment of the EUCO, so far, lies moreover especially in the demand for more deregulation, internally but especially externally, and the decrease of administrative and various other burdens to free trade. The EUCO does not express any commitment towards pluralism when it comes to the interest representation during the policy making process, the contrary is the case, it favours corporatism. Consequently this capitalist indicator can not be observed. The overrepresentation of business interest indicating elite policy will be addressed in the clash section again as it always lead to a conflict between public and private interests. Notably is also the avoidance of the topic of the role of EU-labour within a globalized economy. The global economy is seen by the EUCO as something truly positive and only referred to in connection with new opportunities and growth possibilities. Within the theory, global capitalism symbolizes an increase of capitalist power over democratic power and is according to Guéhenno even a threat to the nation state's control over economic and monetary activities within its domestic economy. The EUCO does not share this concern at all.



Before I now turn to the presence of the six clash zones of democracy and capitalism within the EUCO Conclusions I will add some general short remarks on commitments and their expression of the EUCO. As stated within the methodology already, the EUCO Conclusions include many formal parts or to this analysis irrelevant statements. The EUCO Conclusion from the 1<sup>st</sup> of September of 2008, from the 9<sup>th</sup> of December of 2011, as well as the Statement by the Members of the European Council of the 23<sup>rd</sup> of November of 2012, do not include any democratic and/or capitalist commitment at all. This is mostly due to the topic they address. The Statement by the Members of the European Council for example is a mere request of the EUCO to its Member States to find a consensus among all 27 over the Union's Multiannual Financial Framework for the period of 2014-2020. Within some EUCO Conclusions only one indicator for either one commitment can be found, while other EUCO Conclusions are indicating various EUCO's commitments.

### *Clashes*

The analysis of clashes between democracy and capitalism present within EUCO Conclusions is structured along the six main clashes/tensions identified within the theory. However sometimes it is not clearly just one clash present but two or three clashes intertwined, which one should expect since neither democracy nor capitalism are constructs which are build out of separated individual boxes which put all together create democracy/capitalism, but features of democracy/capitalism depend and influence each other so consequently so do clashes within theses features. This means that I will sometimes refer to other clashes even though it's not their turn yet or anymore.

#### *Clash 1*

Nevertheless I start with clash number one: the distribution of power. This clash is never directly indicated by a EUCO statement but often presents the cause or underlying issue. A severe clash here is, what was addressed before already in the part on mere commitments, the non-separation of economic life and political and social life addressed in the theory by Crouch and Ossewaarde. The general pursuing of mere economic and financial stabilization measures with no respect to public interests but with the clear interests to protect the well being of the economy with any further measure necessary, and thereby only indirectly and in a questionable neo-liberal manner addressing citizens' welfare needs via labour participation indicates that private and public power are not separated and that concentrations of private power are extensively involved in decision-making processes. Moreover it is connected to clash 4 (private vs. public interests) as with the fulfilment of private interests an automatic fulfilment of public interest regarding the general welfare of society is just assumed even though this is not the case. As stated in the theory under a democracy regime public interest is not the freedom of private interests, even if under capitalist principles that is the case. The non-separation of private and public power is also criticized by Crouch within the theory claiming that in the 21<sup>st</sup> century and times of global capitalism the elite does not only hold immense economic power and wealth but they also 'acquired the privileged political role that has always been the mark of true dominant classes. This is the central crisis of early twenty-first-century democracy' (Crouch, 2004, p. 52). Within EUCO Conclusions this clash, meaning the power-shift from the public to the private and thereby from the citizens to the wealthy elites, could be the underlying reason for the immense representation of private interest within the crisis combat and very little of public ones. Especially the crisis combat measures regarding the financial sector are indicating the influence of private power. So is for example within the EUCO Conclusion 14.12.2012 an effective supervisory mechanism established with the explicit outlook that when this mechanism comes into force (first semester of 2013) the European Stability Mechanism will, following a regular decision, have the possibility to recapitalize banks directly. (Council, 2012b, p. 3) Consequently the recapitalization of banks is established as a sound measure (now with more authority transferred to EU level) of crisis prevention and combat. The rescue of any

failed market entity opposes market rationality and the rule of the market. Neither was it the public will to rescue financial institutions. The states did consequently neither act on behalf of the public, nor according to its economic principles of non-intervention. States acted in extreme favour of the financial sector, an extremely powerful sector with high growth potential and direct linkage to the government via national debt. Elite policy is the case in combination with clash 5 the financial dependency of governments on financial market actors, which leads us to a disturbance in the power distribution a democracy usually requires. If the private interests are organized in form of networks as the theory suggests can not be concluded by the analysis of EUCO Conclusions but remains a possibility.

### *Clash 2*

Clash two: the role of the civil society is present in the EUCO Conclusions but to a weaker degree as suggested by the theory. The issue indirectly present here is that society is hardly addressed within the EUCO Conclusions, but if it is than only as the end of the economic chain. Society is a consumer and a hanger-on to the economy. The EUCO wants to 'reduce the overall burden of regulation at EU and national levels, while always taking account of the need for proper protection of consumers and employees' (Council, 2013b, p. 7). This indicates a limited picture the EUCO has of civil society. Only with regard to external relations is the role of civil society as an entity of democratic control recognized. Internally a less active role of civil society is forming. Within five pages on how to combat climate change via an efficient internal energy market the citizens are mentioned once: 'The EUCO recognizes that addressing energy and climate change is also a matter of shaping values and changing citizens' behaviour. It therefore urges national governments and European institutions to set an example by making substantial progress towards reducing energy use in their buildings and car fleets.' (Council, 2008b, p. 15) A more active inclusion of the citizen beside his/her consumption-habits is not mentioned. This results in the conclusion that, at least in this document, the citizen is mainly seen as a consumer of energy learning from what the government does to combat GHG-emission, instead of actively shaping this process as the power-holders within democracy themselves.

### *Clash 3*

A 'value clash' can be found with regard to three issues within EUCO Conclusions. Once as the EUCO supports in particular 'a continued general and significant reduction in administrative burden on business' (Council, 2008a, p. 6) in order to increase efficiency. The EUCO here possibly risks democratic control through administration in order to increase efficiency. Efficiency is clearly a capitalist value and democratic control through public administration an important feature of the extent of government control into economic activity guaranteeing the rule of law and the correct application of policies and regulations. In connection to the theory one can observe that indeed and increasing degree of democratic efficiency instead of quality is pursued, indicating that efficient policy output is valued higher than democratic policy input.

Within this section one can observe the first tension between capitalism and democracy with a dominance of democratic values – the topic: foreign policy. With regard to its southern neighbourhood the EUCO is determined to match support to the level of democratic reform. (Council, 2012a, p. 11) this means that the EUCO subordinates cooperation and support (also financial and economic one) to the principles of democracy by reconsidering financial and economic support in case of oppression or violations of human rights. This values clash of democracy before rationality of the market is however somewhat weakened by an opposing statement following within the same year. Within the EUCO Conclusion 14.12.2012 the EUCO sees European cooperation (especially in times of financial constraints) in order to develop military capabilities as a chance for increased employment, growth, innovation and industrial competitiveness within the European Union (Council, 2012b, p. 9).

Consequently the EUCO, demanding peace and democracy with regard to civil war areas or armed conflict zones which just received the Nobel Prize for Peace shortly before, sees further efficiency and chances for market expansion within the military sector. This is a basic value conflict between democratic values like peace and stability and contributing exactly to the opposite by the blind market rationality of the military industry.

#### *Clash 4*

The clash between private and public interests is most obvious within EUCO Conclusions and is present with regard to a wide range of issues. One example is that the EUCO 'reaffirms its commitment that in all circumstances the necessary measures will be taken to preserve the stability of the financial system, to support the major financial institutions, to avoid bankruptcies and protect savers' deposits...so that they can continue to finance the economy properly' (Council, 2008c, p. 2) as the goal of all action. Moreover within EUCO Conclusion 19.06.2009 financial institutions (the main capitalist source of the crisis) receive the possibility to be rescued and 'receive government support in case of need' (Council, 2011e, p. 6). Large parts of the public opposed bank bailouts or state assistance to self-inflicted financial institutions signaling this through frequent and numerous protests and movement organizations (Occupy Wall Street being the most popular one), those public concerns are however not pursued by the EUCO. Instead business interest is served, indicating as well a mismatch in the distribution of power away from the public and a possible state-dependency on financial institutions. A severe clash between public interest and capitalist private one can be observed within the country specific crisis management the EUCO supports. The EUCO supports all measures so far taken by the governments of Ireland, Portugal, Greece (Council, 2011d, p. 5/6) and Spain (Council, 2011a, p. 2) which will support debt sustainability and support the countries' return to the financial markets. Moreover the EUCO states that 'further action is needed to increase growth so as to reduce the unacceptable high level of unemployment. Actions should include enhancing labour market changes to increase flexibility at firm level and employability of the labour force and other reforms to improve competitiveness' (Council, 2011a, p. 2). These reform programmes supported here by the EUCO only passed under mass demonstrations of the public and include severe cuts in social spending, pensions, education and public services. The reforms show an overrepresentation of private interest and neglect of public interests in times of crisis. Moreover this clash can be linked to clash 2, as public demonstrations and upheavals against these reforms remained un-translated into policy output, which indicates a loss in the extra parliamentary control function of civil society in its most rudimentary form the (unorganized) public mass.

The European Council (Multiannual Financial Framework) 07.02.2013 includes another clash between public and private interests and shows how finances will be distributed from 2014 until 2020. The first purpose of expenditure stated is 'competitiveness for growth and jobs...(through) promotion of research, innovation and technological development' (Council, 2013c, p. 7) and the third purpose is sustainable growth with respect to natural resources. Those two together sum up to more than 50% of EU expenditure and allocate funding to some of the biggest and wealthiest sectors within the corresponding topic (agriculture, transport, energy, and telecommunication) which could all in general finance innovation and technological development privately and still they are the main receivers of EU expenditure. Each of these sectors includes a huge lobby industry which might explain the overrepresentation of the interests of these large and wealthy industries within the EUCO's financial framework priorities.

So far all clashes between private and public interest have resulted in a positive trade-off situation for private interest. One significant clash within this section is decided by the EUCO in favour of the public interests however. 'The EUCO confirms high importance ...to social progress the protection of

workers rights and public services' (Council, 2009a, p. 20). Even though this statement is later on weakened by statements taking a neutral standpoint with regard to labour protection or supporting a flexibilization of labour within the country specific reform programmes, the statement as it is made here indicates a dedication to the public demand for labour protection and a denial of private capitalist interests of flexible labour conditions. However this statement also introduces some inconsistency of the EUCO's opinion on labour protection.

Summarizing clash 4, the EUCO clearly fails to attend to public demands and interests and favours private ones. Any policy should according to democratic principles always be in the interest of the public before addressing special private interests and 'popular demand (is) that power of government should be used to challenge concentration of private power' (Crouch, 2004) as Crouch states it. This is not the case at the EUCO level. Regarding clash 4 the EUCO solves the tension between democracy and capitalism in favour of capitalism attending private interest in its 'policy' output. However it does not see this as a breach with public interest. Rather does the EUCO attempt to attend to public interest, especially public general welfare, by supporting private business interest contributing to a sound macro-economic growth and stability situation. This unification of public and private interest within private business interests is a true commitment to capitalism and a fusion of social life into economic life (clash 1).

#### *Clash 5*

The decision-making autonomy is extensively limited due to debt-dependency in times of financial crisis. However this happens mainly at national level and not at EU/EUCO-level, the EUCO is on the autonomy-taking side. The reforms of the Stability and Growth Pact within the EUCO Conclusion of the 25.03.2011 are aimed at 'enhancing the surveillance of fiscal policies and applying enforcement measures more consistently and at an earlier stage, new provisions on national fiscal frameworks and a new surveillance of macroeconomic imbalances' (Council, 2011e, p. 4). This increased loss of autonomy of Member States regarding their fiscal frameworks to the EU authorities caused by high domestic-debt levels is clearly a clash between the autonomous decision-making capacity on internal policy reforms of a nation, and the influence of external actors through debt-dependency on others of said nation. The external actors influencing the decision-making of said nations pose a threat to democracy as they do not possess democratic legitimacy to act on behalf of a nation as they were not democratically elected or chosen by democratically elected representatives of the public. They are in case of the EU authorities, private and public experts or politicians elected by other European societies. This autonomy loss increases dramatically for some states with the advancing of the crisis. 'The Stability and Convergence Programmes of National Reform Programmes enable the EU to assess national growth and fiscal strategies together and to address possible risks, imbalances and trade-offs' (Council, 2011d, p. 2) increases the reform autonomy loss of Member States caused by the bad performance of domestic economic and financial sectors. In order to protect the functioning of the internal market, domestic democratic government autonomy is limited in favour of higher 'less democratic' EU supervision and interference of all states into the domestic reforms of single democracies. The Euro Summit Statement of the 26.10.2011 provides a concrete financial plan for Greece, outlining the time and amount of transfers made to Greece and the own efforts requested of Greece to reduce its public deficit and restore the liquidity of the state. In the case of Greece one can observe an almost complete loss of financial autonomy, high external pressures on the government and a power shift regarding the determination of reform contents from the Greek public and its representatives to external actors. One can very much find Guéhenno's claims of a new era determining the end of the nation state as the dominator of providing its own economic and political framework here.

### *Clash 6*

A general commitment towards economic competitiveness and against a democratic understanding of social justice characteristic for Europe is that self-regulating effects of the market are not touched or questioned though they are the root of certain problems. The EUCO sometimes does propose policy to regulate the negative externalities of the market to a certain extent but not on the costs of limiting market rationality. This is the case with regard to the financial sector that caused the severest crisis since 1929 and also with regard to measures against food and oil price volatility. The EUCO's soft solutions to tackle high food and oil prices volatility due to (for e.g.) the trade of future options of these basic goods on stock markets, are short-term assistance to low-income households internally, agriculture development aid projects externally in affected poor countries, and simply postponing the issue to the UN, WTO and G8 (Council, 2008d, pp. 7-9). The capitalist structures causing the issue are not made accountable, neither with regard to the oil issue nor to the organization of the financial sector, so social justice fails. 'The certain balance between capitalism and democracy...that the 'European model of social capitalism creates' (Delanty, 2012) is shifted in times of crisis as stated in the theory. With regard to the financial crisis some first proposals on more regulation are being made by the EUCO and even if they are not very concrete apart from surveillance, they have to be valued as a small step towards more social justice within the financial system. A demonstrating statement in favour of social justice and on the costs of economic competitiveness and capitalism is 'the EUCO emphasizes the importance or renewing the economic and social contract between financial institutions and the society they serve, and of ensuring that the public benefits in good times and is protected from risk' (Council, 2009b, p. 6). This is a strong democratic commitment towards social justice and solidarity which is not merely a deal between government and public but should include the economy as a solidaric and just actor with regard to the society it serves. This statement moreover highly emphasizes public needs and interests and subordinates the rationality of the market to them as it is usually not within the rational interest of a private institution to share benefits with the great public – this statement therefore stands in contrast with many statements made before and points at a more solidaric commitment of the EUCO with regard to the overall EU project.

However the crisis and its concrete implications for individual countries signify another clash between economic competitiveness and European social solidarity, this time being solved by the EUCO in favour of capitalist market structures. 'Italy will now implement the proposed structural reforms to increase competitiveness by cutting red tape, abolishing minimum tariffs in professional services and further liberalizing local public services and utilities. We note Italy's commitment to reform labour legislation and in particular the dismissal rules and procedures and to review the currently fragmented unemployment benefit system by the end of 2011, taking into account the budgetary constraints. We take note of the plan to increase the retirement age to 67 years by 2026' (Council, 2011a, p. 2). The decrease in labour protection, reform in unemployment benefits and social spending taking into account budgetary constraints and the liberalization of public services are all measures towards a more capitalist market structure gaining in economic competitiveness but losing some of its social solidarity. As Delanty says it, a certain value of solidarity and social justice are threatened by the current financial crisis which is a product of capitalism. Labour is increasingly exploited by capital; democracy is increasingly exploited by the market.

### *Neutral clashes*

In this section I will shortly present two clashes separately. Technically they could also fit into one of the specific clash sections, however I decided to highlight them here in an individual paragraph as they do not result into a trade-off situation favouring one of the two commitments, they are rather compromises in favour/on the costs of both commitments. Neutral clashes were not in the theory



chapter as they were not mentioned in the existing literature on the topic. They are a new key observation I made during the analysis and show that clashing situations between democracy and capitalism can be solved in a neutral manner which does neither diminish democracy nor capitalism or at least both in equal manners.

One of them is within the EUCO Conclusion from the 29.10.2010. The first clashing situation concerns the establishment of the ESM (European Stability Mechanism) which basically allows the Union to provide financial assistance to Member States in times of balance of payments difficulties. This indicates an increase in solidarity, a core value of democracy, among EU States as this was not possible under EU law before. But the financial assistance is linked to an autonomy loss of those states depending on creditors and lenders which means an intrusion of capitalist forces attached to debt into the democratic decision-making process of the state concerned. It is therefore a commitment to the democratic principle of solidarity but restricted by the confirmation of the current financial system and the controlling ties of other actors attached to financial solidarity.

The second clash with no clear trade-off in one direction, was shortly addressed already with the role of citizens as consumers, but there is more to the statement that the EUCO intends to 'reduce the overall burden of regulation at the EU and national level, while always taking account if the need for proper protection of consumers and employees' (Council, 2013b). It also signifies that the EUCO aims at a balanced trade-off between deregulation of the markets and the protection of consumers and employees from those markets. This statement allows for capitalist forces while restraining some of their effects on the public at the same time.

The analysis on clashes between democracy and capitalism within EUCO Conclusions will now allow me to answer my second sub question: To what extent are tensions between democracy and capitalism manifested in the European Council Conclusions? All six clashes between the two concepts identified in the theory are present within the EUCO Conclusions. However some are strongly visible while others are less obvious or strong. The conflict between the different roles of civil society that capitalism and democracy assign to it is for example not strongly developed within the EUCO. Indeed the EUCO recognizes the extra parliamentary democratic control function of the civil society but only in the context of external affairs. But neither does it reduce the role of civil society on mere consumption. However the EUCO is of the opinion that the public interests seem to be best served by perfect market competition, privatization and liberalization which might indicate that the EUCO perceives European Society as a consumer society mainly interested in the free state-unbiased consumer choice. The EUCO does definitely see the economy as the central theme in political and social life and fails to separate economic for political life which means that it also fails to distinguish between workers and citizens. The EUCO does neither see citizens, nor consumers in the society but mainly workers. The society becomes a servant of the economy, only benefiting from it when society manages a proper functioning of the economy by enabling and promoting the smooth flow of capitalist market structures, trying to absorb negative side effects through short-term measures, which do not restrict the rationality of the market to much. Every now and then the EUCO has a democratic moment and expresses its concerns with regard to the solidarity of the whole system and states its desire to (for example) protect workers rights, public interests or increase social cohesion. The underlying clash lies at the distribution of power. The role of civil society as a democratic control force can only be ignored (internally), democratic values only be neglected in favour of efficiency and market rationality, public interests only be omitted when 'bigger' private interests are at stake and economic competitiveness only be enforced before solidarity and social justice because decision-making power lies to a large extent at the elite (wealth) and not the public (citizens). This confirms Crouch claim that the central crisis of today's democracy is that the next to immense economic power and wealth the economic elite acquired an extensive amount of political power replacing the system of state hierarchy with a power



shift from the nation state to an ‘impalpable but pervasive network of networks’ (Guéhenno, 1993) which is the root of elite-politics. This 21<sup>st</sup> –century distribution of power is however not really questioned by the EUCO rather are adaptations made towards the demands and needs, like financial liquidity and deregulation of administrative burdens, of the economy. So trade-offs between capitalism and democracy are clearly made. To what extent do those tradeoffs go towards the commitment of democracy or capitalism? The clashes between democracy and capitalism are almost each time caused and/or ‘solved’ by a domination of capitalist forces lead to the picture that the society is adapted to the needs of the economy, in contrast of the economy being adapted to the needs of society. And that is exactly what is at stake here, along which lines do we organize our cohabitation, along capitalist market associational ties, or as social community? The EUCO generally sees the solution to the organization of social life in the free market but also maintains a certain degree of solidarity and social justice, even if this degree seem to be a bit lower in times of crisis. The EUCO sees the European Union as a ‘highly competitive social market economy’ (Council, 2012b, p. 1) and is committed to ‘preserve the European social model’ (Council, 2012b, p. 1) even though concrete proposals and demands within EUCO Conclusions mostly concern the competition aspect and less the social one.

My empirical analysis part provided me with answers to my sub questions and will allow me to draw final conclusions with regard to my general research question, to what extent today’s tensions/clashes between democracy and capitalism are manifested within the European Council’s democratic and capitalist commitments towards the EU Project, on the example of European Council Conclusion.

## 5. Conclusion and Reflections

My overall research question at the beginning was: To what extent are today’s tensions between democracy and capitalism manifested within the European Council’s democratic and capitalist commitments towards the EU Project, on the example of European Council Conclusion? All tensions identified within the theory can be found within the EUCO Conclusions published by the European Union between 2008 and today. Even though the EUCO seems to be committed to democracy and capitalism likewise, more clash situations result in a prevalence of capitalist forces over democracy as in comparison to the other way round. Consequently, capitalism is the dominating force within the conflict between capitalism and democracy as Colin Crouch claims it, and I agree, in his books ‘post-democracy’ and ‘the strange non-death of neo-liberalism’. Also Jean-Marie Guéhenno’s assumption of the replacement of the nation-state, as the framework giving entity to order, by a globalized economy requires the economic system of order to dominate the political one. As the EUCO solves more trade-off situations between capitalism and democracy, slightly in favour of capitalism, one has to assume that the domination of capitalist forces over the proper functioning of democracy (as government by, off and for the people) as those two authors claim it, is an underlying issue within the EUCO.

What consequences does this have for the definition of democracy? Arthur Lewis, Nobel Prize-winning economist states that the ‘primary meaning of democracy is that all who are affected by a decision should have the chance to participate in making that decision either directly or through chosen representatives. Its secondary meaning is that the will of the majority shall prevail. (But) to exclude the losing groups from participation in decision-making clearly violates the primary meaning of democracy’ (Lijphart, 1999, p. 31) This definition of consensus-democracy, in my point of view, becomes useless within capitalist democracies, because decision-making is no longer within the hands of a majority. ‘We focused on controlling power by power and diversifying power’ (Guéhenno, 1993) too long, caused by, according to Barber, our natural minimalist distrust in power and suspicion against majoritarianism (Barber, 2003), resulting in an ‘impalpable but pervasive network of

networks' (Guéhenno, 1993) that is no longer controlled by the majority or their representatives but by the elites of the political economy. The outcome of this research seems to confirm this. The fact that the EUCO mainly sees the fulfilment of public interest in the pursuing of private economic interests that then lead to a sound competitive economy which is the ultimate goal for the nation, as it is said to increase general welfare, shows that political focus has shifted from the demands of the public to the demands of the (global) economy, which it in the long run clearly not serves a majority.

Quantitatively the capitalist commitments dominate but I would not dare to claim the same for the qualitative level. The EUCO still shows some commitment to European solidarity (and to a lesser extent to European social justice), which was already indicated in the theory as the only clash between today's democracy and capitalism which (within Europe) is a restriction of capitalist freedom by democratic principles and not the other way round. Consequently I agree with Delanty, that one can still find the 'European model of social capitalism' to a certain extent within EUCO Conclusions since 2008. Regarding all other identified clashes capitalist forces seem to dominate within the EUCO's attitude towards the EU Project. Some tensions between democracy and capitalism are frequently present within the EUCO Conclusions like the clash between public and private interests, while others like the conflicting roles of the civil society under democracy and under capitalism are only weakly indicated and not as severely manifested within EUCO Conclusions. The clash between the decision-making autonomy of states and their dependency on their creditors and lenders constitute a problem especially for those countries which have a negative balance of payments and require financing from abroad to finance their expenditures. The distribution of power is an underlying problem of the capitalist commitment and democratic commitment of the EUCO. Further commitments of the EUCO since 2008 are already resting on this underlying clash. Moreover some commitments the EUCO makes, regarding both democratic and capitalist commitments, are characterized by a certain degree of inconsistency. A good example is labour protection which is a capitalist commitment. In the attempt to find a balance between labour protection and labour flexibility, the EUCO states the need to keep labour protection standards high but frequently supports national reform which decreases labour protection. Equally the EUCO does commit it-self to free trade agreements with other state. With regard to some states (mostly Asian states) those negotiations concern pure cooperation and the reduction of all kind of trade barriers. With regard to other countries (e.g. southern neighbours) those economic trade agreements are coupled and limited in favour of democratic reform and the respect of human rights. One could argue that with regard to foreign policy a consistent line of principles would be more credible.

The EUCO generally signalizes that it sees the proper functioning of the liberalized and integrated internal market as improvable and dedicates most of its attention to this issue. In comparison to that it seems quite content with the application of democracy within the European Union, as demands for further democratic reforms and the increased role of the civil society in this are only made with regard to other non-EU countries. Internally the EUCO criticizes once the lack of democratic accountability and legitimacy with regard to the integrated economic policy framework. This however remains the only indication that the EUCO sees improvement possibilities for the current form of democracy. Other than that one must assume that the EUCO is not aware or at least not complaining, that there is a threat to our current form of democracy. Looked only on the institutional characters of democracy this makes sense. According to the theory 'the current form of Democracy in Europe is liberal democracy and marked by strong democratic institutions and forms' (Crouch, 2004, p. 6), so logically the EUCO does not necessarily need to motion for improvement with regard to the institutional level of our current form of democracy. But this approach to democracy focuses on the typical democratic institutions like parliament, parties, electoral rules, etc instead of on the democratic degree of political actions. However Europe's current democracy as a culture and decision-making/action process within

those rigid institutions is marked by neo-liberal market rules, norms and structures dominating political and social life. This is clearly visible in the EUCOs' Conclusions analyzed. Within the theory one general conclusion about the relationship of democracy and capitalism is also that, as economic life becomes political life the democratic citizen turns into the homogenous consumer turning civil society into an ally of capitalism and the market and less into an extra-institutional force of democratic control. This theoretical conclusion is less visible within EUCO Conclusions, to the extent that the function of the democratic citizen is somewhat lost (see citizens role in the restructuring of the energy market, which after all is a basic good of our society) but rather than being replaced with the function of a consumer, the EUCO replaces this function with the mere concentration on the workers role. Moreover, the economic elite becomes the political elite acting in correspondence of keeping the status quo. This theoretic conclusion is again visible within EUCO Conclusions and mostly manifested within the clashes 1 (distribution of power) and 4 (public vs. private interest).

I can also conclude generally that, yes the clashes between today's democracy and capitalism as stated in the theory are an issue in the European Council, however not an openly discussed or admitted one. The EUCO does not actively identify and address/solve a conflict situation between its democratic and capitalist commitments. It tries to avoid the clashes by taking no side or by simply ignoring a conflicting situation and proceed as usual. This is an attitude the EUCO should not and cannot uphold forever. As global capitalism develops further, and is likely to increase its force vis-à-vis its counter force democracy more, the EUCO has to take a clearer standpoint sooner or later. The EUCO shows that it is committed to democracy as well as it is committed to capitalism. When it comes to a clash between these two commitments, democracy is however suffering under capitalist private interests. Here I am not talking about our institutional degree of democracy, but about the democratic degree of political action that should defend democratic values and pursue an outcome that does not just set a general political framework the market but actively turn those markets into a solidaric system serving the whole public instead of primarily the fittest. Democracy is after all a European value, which capitalism is not, so the actions and political course pursued by the EUCO should serve the freedom of democracy from any other forces before they serve capitalist freedoms.

I agree with Hubertus Buchstein and Dirk Jörke (Redescribing Democracy), who claim that the word 'democracy' does not describe today's democracy adequately, as today's popular conception of democracy admits a gap between participation in political process and the 'rational' results of that process, and value the rational outcomes of politics as more important than the input into democracy or the quality of democracy. Active participation, a core value of democracy, is marginalized to few personality-based elections offering a choice of parties that almost exclusively promote capitalism and the free market. To address this issue is, in my point of view, the next huge challenge to the EUCO next to the current crisis. The EUCO should refocus on the unfinished state and openness of the democratic feature of the EU project and take this as an opportunity to add new democratic spirit to the integration project EU. Buchstein and Jörke propose see the future of democracy within its dynamization. 'According to this strategy, it is not political systems or institutions that should be classified as "democratic", but certain kinds of political actions. Dynamization detaches democracy from certain characteristic institutions (parliament, parties, electoral rules, e.g.) and makes it instead into a "Handlungsbegriff", an action-concept ... democratic principles on this view are "primarily things that we do, rather than rights or statuses" (Jörke, 2007, p. 193). A dynamization of democracy could contribute to a constant reflection of the content of democracy within our political actions and lead to a much greater presence of democracy in our political and economic life. Through the focus of democracy on our actions (which are primarily economic) instead of our political institutions, economic life could become political life again reflecting common values of the European societies/society.

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## 7. Appendix:

**Figure 1**

### Basic characteristics of LME and CME (ideal types)

	LME	CME
Manner of economic exchange	<ul style="list-style-type: none"> <li>- within markets</li> <li>- formal contracts</li> <li>- competition</li> <li>- focus on prices</li> </ul>	<ul style="list-style-type: none"> <li>- Collaboration between actors vs. competition</li> <li>- Informal conditions of relations</li> <li>- Focus on prior knowledge and private information</li> </ul>
Sources of financing	<ul style="list-style-type: none"> <li>- financial markets</li> <li>- stock exchange</li> </ul>	<ul style="list-style-type: none"> <li>- bank credits</li> <li>- retained earnings</li> </ul>
Information for financing	<ul style="list-style-type: none"> <li>- standardized public information</li> </ul>	<ul style="list-style-type: none"> <li>- private information shared within bank-company networks; crossed ownership and mutual interest reputation</li> </ul>
Corporate Governance	<ul style="list-style-type: none"> <li>- high executives with decision-making power</li> <li>- short-term profitability</li> </ul>	<ul style="list-style-type: none"> <li>- collective decisions (surveillance councils; representation of shareholders; suppliers, bankers, labour...)</li> <li>- long-term company perspectives (market quotas)</li> </ul>
Labour relations	<ul style="list-style-type: none"> <li>- wages determined by competition</li> <li>- employer-employees market relation</li> </ul>	<ul style="list-style-type: none"> <li>- wages determined by companies and labour unions</li> <li>- employees are informed and represented</li> <li>- long-term contracts</li> </ul>
Company-Company relations	<ul style="list-style-type: none"> <li>- market competition</li> <li>- technology transfer via worker turnover and license and patent trade</li> </ul>	<ul style="list-style-type: none"> <li>- collaboration (horizontal &amp; vertical)</li> <li>- competition</li> <li>- collaboration for technology transfer, workers training and research</li> </ul>
Company-State relations	<ul style="list-style-type: none"> <li>- public policy supports LME</li> <li>- anti-trust laws</li> <li>- promote competition</li> <li>- liberalization (labour market)</li> <li>- requirements of transparency</li> </ul>	<ul style="list-style-type: none"> <li>- public policy supports CME</li> <li>- social policies</li> <li>- coordination mechanisms among companies &amp; between companies and state</li> </ul>
Country examples	USA, UK, Canada, Australia, New Zealand, Ireland	Germany, Japan, Netherlands, Belgium, Sweden, Norway, Denmark, Finland, Austria


Inspired by (Peter A. Hall, 2001)

**Figure 2**

### Individual Analysis of EUCO Conclusions Overview in table form

Legend: → symbolize a capitalist commitment → symbolize a democratic commitment ⚡ symbolizes a clash/tension

European Council Conclusion	Indicator	Commitment present
(1) Brussels European Council 14.03.2008	- liberalization and macro-economic stability are the overall goals as this is seen as having beneficial effects for the single market	→ capitalist commitment

	<ul style="list-style-type: none"> <li>- like 'opportunities of globalization'(p.1) and 'open markets and a sound international environment contribute to growth and jobs and should lead to reciprocal benefits'(p.8) or 'promote free trade and openness as a means to foster growth, employment and development' (p.8)</li> <li>- financial sector: 'strengthen their transparency ... and further improve their supervisory and regulatory environment (p.1)</li> <li>- encouragement of 'fast track'(p.6) legislative proposals which should be swiftly adopted</li> <li>- High efforts to reduce GHG-emissions are made in connection with a chance for broader growth and job objectives. EUCO is holding up an emergency exit for energy intensive industries by recognize their troubles and admitting a risk of carbon leakage in their specific sectors; main goals fully functioning and interconnected internal energy market, efficiency, competition and energy supply security.</li> <li>- 'The EUCO recognizes that addressing energy and climate change is also a matter of shaping values and changing citizens' behaviour. It therefore urges national governments and European institutions to set an example by making substantial progress towards reducing energy use in their buildings and car fleets.'(p.15)</li> <li>- democratic values are fair competition regarding emerging economic powers (p.8) (however the next paragraph is about the improvement of effectiveness of Intellectual Property Rights, EUCO gives no further clarification about 'fair competition ' beside that)</li> <li>- quantitative example, the word social/socially was mentioned 16 times in total within the 18 pages, the word economic/economy 27 times and the word market 26 times</li> </ul>	<ul style="list-style-type: none"> <li>→ commitment to global capitalism</li> <li>→ does not say regulate yet, but first indication of more need for democratic control and within financial sector</li> <li>→ fast track legislation might significantly alter efficiency on the costs of democratic debate (clash 3) </li> <li>→ Consequently even climate change, one of the most pressing concerns of the present, has to step back behind <i>rational market rules</i></li> <li>→ A more active inclusion of the citizen beside his/her consumption-habits is not mentioned.; citizens as energy consumers</li> <li>→ quantitatively the rules of the market seem to outnumber or social efforts (solidarity)</li> </ul>
(2) Brussels European Council 20.06.2008	<ul style="list-style-type: none"> <li>- 'The Lisbon treaty is to help an enlarged Union to act ...more democratically' (p.1)</li> <li>- values directly stated: freedom, security, justice &amp; rule of law, human rights, cultural cooperation</li> <li>- values directly states: freedom, security, competition</li> </ul>	<ul style="list-style-type: none"> <li>→ active Democratic commitment by making EU more democratic via the Lisbon Treaty</li> <li>→ democratic commitment</li> <li>→ capitalist commitment</li> </ul>



	<p>- topics: migration policies, partnerships with third countries regarding security, cooperation in criminal law, Europol, disaster management etc.</p> <p>- interesting topic: the implications of high food and oil prices: the EU's soft solutions tackle the 'unfair' externalities of the food and oil market (for e.g. short-term assistance to low-income households internally; agriculture development aid projects externally in affected third poor countries; postpone the issue to the UN, WTO and G8 ) (p.7-9) The economic and social consequences of the continued surge in oil and gas prices should be tackled by further efforts to increase energy efficiency, energy savings and diversity of EU energy supply (p.10)</p> <p>- EU requires 'free, fair and democratic elections' (p.15) from candidate status countries</p> <p>- EU welcomes Kosovo's commitment to the principles of democracy and equality</p> <p>- instruments to promote civil society development and dialogue in the Western Balkans</p>	<p>→ neither a democratic, nor capitalist commitment is visible; quite technical statements</p> <p>→ indicates a capitalist commitment, as the self-regulation effects of the market are not questioned or touched even though they are a root of the problem (policy to regulate the negative externalities of the market to a certain extent BUT not on the costs of the market rationality ⚡)</p> <p>→ the solution is the deregulated competitive market (capitalist commitment)</p> <p>→ democratic commitment as it is an important criteria for egalitarian citizen participation; However a very weak one according to theory as democratic participation should not be limited to elections</p> <p>→ direct appreciation of democratic principle and values (democratic commitment)</p> <p>→ broad dialogue within civil society is an indication for the use of civil society as an extra parliamentary control body (democratic commitment)</p>
<p>(3) Brussels Extraordinary European Council 01.09.2008 - 4 pages -</p>	<p>Topic: Georgia conflict and the EU's common reaction</p>	<p>→ no democratic or capitalist commitment visible</p>
<p>(4) Brussels European Council 16.10.2008</p>	<p>- 'The European Council reaffirms its commitment that in all circumstances the necessary measures will be taken to preserve the stability of the financial system, to support the major financial institution, to avoid bankruptcies and to protect savers' deposits' (p.2) - in order for them to continue</p> <p>- 'so that they can continue to finance the economy properly' as the goal of all action</p> <p>- 'the European Council makes a firm call for accountability on the part of all those involved in the financial system, particularly the banking sector' (p.4)</p> <p>- proposal to link earnings in financial sector to actual contribution of the</p>	<p>→ overrepresentation of business interests in political output = elite policy ⚡</p> <p>→ state dependency on private financial institutions (clash with democratic autonomy) ⚡</p> <p>→ non-inclusion of the public will (large parts of the European public opposed bank bailouts) public vs. private interest ⚡</p> <p>→ the proper functioning of the capitalist economy is the central question of concern</p> <p>→ accountability is a core principle of democratic culture with regard to justice, politics and economic activity</p> <p>→ commitment to the democratic principle of equality regarding fair</p>

	<p>executives of the firm to the success of the firm (p.4)</p> <p>- EUCO expresses its solidarity with Iceland (p.5)</p>	<p>earnings/wages</p> <p>→ European model of solidarity; democratic commitment</p>
<p>(5) Brussels European Council 12.12.2008</p>	<p>- first reactions to crisis; main goal financial stability and non-inflationary growth etc. (p.4)</p> <p>- EUCO supports in particular a continued general and significant reduction in administrative burden on business (p.6); increase efficiency</p> <p>- the EUCO is highly concerned with the Irish People denial of the EU constitution and addresses each public concern within the new Lisbon treaty :</p> <p>Confirming that the EU attaches high importance to: social progress and protection of workers rights, public services, the responsibility for education and health services lies at the domestic government, national regional and local governments organizing non-economic services of general interest</p>	<p>→ the utmost concern is the functioning, liquidity and growth of the economy; separation of politics and economy? The economic life as the social and political life</p> <p>→ risks efficiency possibly on the costs of democratic control through the administration (clash 3) ⚡</p> <p>→ democratic commitment honoring the public interest and democratic dialogue</p> <p>→ labour protection, the provision of public goods; policy output reflects will of the public</p>
<p>(1) Brussels European Council 20.03.2009</p>	<p>-the idea behind crisis solution is to put the financial sector on a sound footing, thereby improve the real economy so that citizens are protected from worst impact of the crisis</p> <p>- the EUCO is significantly more concerned with financial stability and restoring confidence into its financial markets than what direct implications the crisis has on society; the citizens are seen as the end of the consumption chain and therefore only influenced by measures addressed to the financial sector or real economy, they are not themselves part of a direct measure proposed by the EUCO (p.2)</p> <p>- EUCO appreciates building on solidarity allowing for special protection systems as automatic stabilizes and limit social impact of the crisis (p. 7)</p> <p>- inclusion of all stakeholders including the social partners (into an employment summit of 2009, p.7)</p> <p>- in connection to the energy topic efficiency is the ultimate goal of the EUCO (p.9) 'an efficient, liberalized and well connected internal energy market'</p> <p>- 'keep markets open and avoid all</p>	<p>→ the health of a nation is seen in the prosperity of its economy (compared to wealth connected to prosperity of the masses ); capitalist commitment ⚡</p> <p>→ society as consumers and citizens as an hanger-on to the economy (capitalist commitment and clash 2); economic life is social life (clash 1) ⚡</p> <p>→ commitment to the solidarism and functioning of a welfare state; European social solidarity (Democratic commitment and clash 6 as it is not in line with market rules and economic competitiveness) ⚡</p> <p>→ corporatism, democratic form of decision-making due to the consensus-approach of all actors involved (also social ones); democratic commitment</p> <p>→ capitalist value, however regarding this topic it doesn't clash with a democratic value (still capitalist commitment)</p> <p>→ capitalist commitment to</p>

	<p>form of protectionism measures (no new barriers to investment or to trade and no new export restrictions) (p.14)</p> <p>- strengthen IMF's role in the avoidance of balance of payments difficulties</p> <p>- EUCO favors a better regulation, supervision and transparency of financial markets; + increase accountability and responsibility for own losses within the sector (p.16/17)</p> <p>- in connection to the EU Eastern partnerships the EUCO commits itself to 'shared values including democracy, the rule of law and respect for human rights...as well as the principles of market economy, sustainable development and good governance</p>	<p>deregulated markets and economic liberalism</p> <p>→ dept as limitation to autonomous domestic structural reforms, influence of lenders/creditors on reforms increases (clash 5) ⚡</p> <p>→ regulate negative market externalities (who is liable for compensation of great losses within banking sector); public confidence secured via accountability; = output reflects will of great public and the confidence of civil society with an issue is respected and seen as necessary</p> <p>→ direct commitment to democratic and capitalist values</p>
<p>(2) Brussels European Council 19.06.2009</p>	<p>- crisis gets more sever: 'in the midst of the deepest global recession since the Second World War' (p.1), focus now on real economy and employment situation</p> <p>- 'the EUCO Council confirms high importance... to: social progress and the protection of workers rights, public services' (p.20)</p> <p>- regarding economic, financial and social situation much is repeated from former conclusions and steps taken so far are listed and applauded</p> <p>- EUCO states again that more supervision and transparency is needed within the financial sector and crisis prevention, however invites the Commission to bring forward concrete action plans</p> <p>- repetition of climate change concerns</p> <p>- illegal immigration, European Asylum Support Office</p> <p>-external relations</p>	<p>→ labour protection and public goods (democratic commitment); clash of private business interest of flexible labour conditions and public interests labour protection ⚡</p> <p>→ no further democratic and/or capitalist commitments</p>
<p>(3) Brussels European Council 30.10.2009</p>	<p>- Institutional issues: preparatory work for entry into force of the Lisbon Treaty at the end of the year</p> <p>- climate conference and preparation for Copenhagen Conference</p> <p>- 'labour market participation is a prerequisite for economic growth, for the social and economic wellbeing of individuals and for a more socially cohesive Europe'</p> <p>- Migration, FRONTX, situation in Afghanistan and Pakistan, external</p>	<p>→ the economy as the dominator of social existence on the individual and European level; increased labour participation as the only alternative for the great public to react to the crisis (clash: the economic becomes political and social life) ⚡</p>

	relations	
(4) European Council 11.12.2009	<p>- EUCO welcomes launch by the Commission of a public consultation on the citizens' initiative (p.3)</p> <p>- policies in support of the economy should remain in place and only be withdrawn when recovery is fully secured → broad-base stimulus policies focus on developing and communication strategies, the reduction of administrative burdens, the facilitation and support of SMEs and the all-time provision of the real economy with liquidity and loans through the reformation and state support of the financial sector;</p> <p>- European Stability and Growth Pact as cornerstone of EU's budgetary framework</p> <p>- EUCO stresses the need for exit-strategies from public financial support to financial institutions, and calls for incentives for financial institutions to cease to depend on public financial support (p.4)</p> <p>- appreciation of concrete proposals for three new European supervisory authorities for banks, insurances and securities</p> <p>- first time EUCO openly speaks about financial <u>regulation</u> (p.6)</p> <p>- the EUCO emphasizes the importance of renewing the economic and social contract between financial institutions and the society they serve, and of ensuring that the public benefits in good times and is protected from risk</p> <p>- in Art. 18 (p.7) EUCO commits itself to the need to ensure sustainable public finances whilst preserving investment and social welfare... establish inclusive and efficient labour markets and strengthen the internal market</p>	<p>→ attempt for a more active involvement of citizens into political debate (on EU level) + consultation of public opinion (democratic commitment)</p> <p>→ compromise between no intervention into the market place and active government response to a recession → no commitment to a regulated market or Keynesian policy! Neo-Liberalism remains the principle guideline for state reaction to the crisis</p> <p>→ the decision to limit government expenditure proportionally to growth rate is no democratic or capitalist commitment yet → depends on where MS decide to limit government expenditure</p> <p>→ distribution of power issue: power connected to wealth which is especially high in the financial sector; the wealthy and powerful financial sector has the power to influence the government (also because government is indebted at its domestic financial institutions, government autonomy issue) and receive public financial support → elite policy</p> <p>→ the exit plan shows upheaval of public and civil society which is now translated by the EUCO into action and is a democratic commitment (however mission bailout is completed)</p> <p>→ increased efforts of democratic control through state authorities over the financial sector in order to avoid a similar future crisis</p> <p>→ regulation of negative market externalities (democratic commitment); clash with the rationality of capitalism</p> <p>→ strong democratic commitment towards social justice and solidarity; highly emphasizing the needs and interests of the public; it is normally not in the rational interest of a private institution to share benefits with the great public → solidarity vs. rationality</p> <p>→ a democratic commitment (values equality and social justice)</p> <p>→ an outlook in a very social form of capitalism</p>

	<ul style="list-style-type: none"> <li>- Stockholm Programme as successor of The Hague Programme (p.9-11)</li> <li>Focus of Stockholm Programme on: promoting citizenship and fundamental rights, European law and justice, protection through new internal security strategy, Europe of responsibility, solidarity and partnership in respect to migration and asylum matters, external dimension</li> <li>- reflection on climate change developments, external relations, Iran, Afghanistan</li> </ul>	<p>→ general democratic commitment due to valuing solidarity, justice and protection of citizen fundamental rights but no concrete new action is formulated</p>
(1) European Council 26.03.2010	<ul style="list-style-type: none"> <li>- entire EUCO Conclusion dedicated to the Union's external relations and upcoming summits</li> <li>- favors an open world economy</li> <li>- with regard to the Association Agreement with the Ukraine the EUCO highlights the deep comprehensive free trade agreement and need for economic reform</li> <li>- and the need for democratic reform</li> </ul>	<p>→ in favor of global capitalism</p> <p>→ capitalist commitment to deregulated markets and economic liberalism</p> <p>→ direct commitment to democracy</p>
(2) European Council 17.06.2010	<ul style="list-style-type: none"> <li>- EUCO asks for budget consolidation of MS if needed 'Priority should be given to growth-friendly budgetary consolidation strategies mainly focused on expenditure restraint' (p.2)</li> <li>- calls upon adequate national action plans and implementation of measures requested in former EUCO conclusions</li> <li>- a main issue is again the wanted increase of competitive, innovative, sustainable and productive economic and employment policies including all sectors of industry and services and as well the agricultural sector in order to have a long-term stability perspective (p.3/4)</li> <li>- statistical offices should be fully independent for data provision</li> <li>- calls upon the global community to follow suit with the European measures of financial sector reform (p.7)</li> <li>- MDGs as opportunity to eliminate global poverty, hunger and inequality (p.8)</li> </ul>	<p>→ budget restriction should not effect economic growth negatively, an equal statement is missing for solidarity measures, gives an hint on the priorities in times of crisis (capitalist commitment)</p> <p>→ the economy as a central theme in political and social life (capitalist commitment)</p> <p>→ democratic commitment; independency of public (information) institutions</p> <p>→ solidarity on a global scale</p> <p>→ the EUCO concerns for social justice and solidarity among nations goes further than the own territory</p>
(3) European Council 16.09.2010	<ul style="list-style-type: none"> <li>- evaluation of relations with strategic partners</li> <li>- We must take concrete steps to secure ambitious Free Trade Agreements, secure greater market access for European businesses and deepen regulatory cooperation with major trade partners.</li> <li>- orientation for upcoming events</li> <li>- content-wishes of EUCO within strategic partnerships: cooperation on climate change (promotion of effective and verifiable reductions in emissions</li> </ul>	<p>→ commitment to global capitalism</p> <p>→ labour standards and human rights show democratic commitment of the EUCO, however a clear direction of cooperation in those fields is not given</p>




	<p>+ renewables and energy efficiency; pressing security issues(terrorism, cybersecurity, piracy); regional issues Iran and North Korea, migration, energy, access to raw materials); development policies, promotion of good governance, labour Standards, human rights, developing people-to-people relations(p.3)</p> <p>- explicitly to china: EU should actively pursue its strategic interests regarding the promotion of bilateral trade, market access for goods and services and investment conditions; the protection of intellectual property rights, the opening up of public procurement markets; stronger discipline in the field of export subsidies; dialogue on exchange rate policies</p>	<p>→ commitment to a less regulated economic relation to china with less interference of the governments (capitalist commitment)</p>
(4) European Council 29.10.2010	<p>- European Council endorsed the report of the Task Force on economic governance. Its implementation will constitute a major step forward in strengthening the economic pillar of EMU: it will increase fiscal discipline, broaden economic surveillance and deepen coordination. (p. 1/2)</p>	<p>→ slight change in the EU's economic governance style: requested, more active supervision, surveillance and cooperation including governments; not as much laissez faire within the financial sector; democratic commitment due to regulation and prevention of negative market externalities; however autonomy loss in reform activity of MS due to EU control of fiscal discipline and debt</p>
(5) European Council 17.12.2010	<p>- ESM (European Stability Mechanism): basically the Union can give financial assistance to MS in times of balance of payments difficulties</p>	<p>→ increased solidarity among states as this was not possible before under EU law: solidarity as a core value of democracy; but financial assistance linked to autonomy loss</p>
(1) European Council 04.02.2011	<p>- Safe, secure, sustainable and affordable energy contributing to European competitiveness remains a priority for Europe (p.1)</p> <p>- connection of energy transport systems: 'some projects that would be justified from a security of supply/solidarity perspective, but are unable to attract enough market-based finance, may require some limited public finance to leverage private funding' (p.3)</p> <p>- 'Every effort should be pursued to lift remaining legal and administrative obstacles to the cross-border operation of venture capital' (p.8) in connection to the stimulus of innovation</p>	<p>→ general European competitiveness; secure EU competitive advantage within global market counts as well for energy markets</p> <p>→ Democratic commitment to the provision of public goods (interests of the great public); secured energy supply to the whole population, even though greatly commercialized, is still partly seen as public good and requiring state intervention into the market to secure it</p> <p>→ clear capitalist commitment, complete reduction of market regulations</p>
(2) Extraordinary European Council 11.03.2011	<p>Topic Libya and the southern neighbourhood region</p> <p>- 'The European Union will support all steps towards democratic transformation, political systems that allow for peaceful change, growth and prosperity, and a more proportionate distribution of the benefits of economic performance' + the need for strong democratic institutions (all p. 1),</p>	<p>→ the EUCO defends high democratic principles within declarations on external crisis/ conflict zones (direct)</p>

	<p>humanitarian principles and the rule of law (p. 2/3)</p> <p>- 'Partnership for Democracy and Shared Prosperity with the Southern Mediterranean</p>	<p>→ direct commitment to democracy, however following sentence 'such a partnership should also be founded on deeper economic integration, broader market access and political cooperation' also reveals capitalist private interest; democracy seen as a mean to establish capitalism</p>
(3) <i>European Council 25.03.2011</i>	<p>- commits itself to free trade, need for increased competition, creation of growth and jobs, sound national budgets and fiscal sustainability (p. 1/2/4)</p> <p>- implementation of policies requires inclusion of European Parliament and other EU institutions and advisory bodies (ESC, CoR), with the full involvement of national parliaments, social partners, regions and other stakeholders(p.3)</p> <p>- reform of the Stability and Growth Pact: enhancing the surveillance of fiscal policies and applying enforcement measures more consistently and at an earlier stage, new provisions on national fiscal frameworks and a new surveillance of macroeconomic imbalances (p.4)</p> <p>- 'Member States will prepare... specific and ambitious strategies for the restructuring of vulnerable (financial) institutions, including private sector solutions (direct financing from the market or asset sales) but also a solid framework in line with State aid rules for the provision of government support in case of need' (p.6)</p> <p>- need to develop a new partnership with the southern neighbourhood region based on deeper economic integration, broader market access and closer political cooperation, and will follow a differentiated and performance-based approach (p.9)</p> <p>- intent the reduction of non-tariff barriers in free trade agreement with Japan (p.10)</p> <p>- draw lessons from the nuclear accident in Japan and provide all necessary information to the public; Western European Nuclear Regulators Association assessment on the accident should be made public</p>	<p>→ again well functioning of the economy is at the center of crisis combat</p> <p>→ inclusion of all parties involved (including social ones) to maximize consensus and representation of a wide range of interests: corporatism (democratic commitment)</p> <p>→ increased loss of autonomy of MS regarding their fiscal frameworks to the EU authorities due to high levels of debt of states (<i>clash 5</i>) ⚡</p> <p>→ financial institutions (the main capitalist source of the crisis receive the possibility to be rescued and supported by governments if needed; clash 4 of capitalist private and public interests + opposes the democratic understanding of social justice ⚡</p> <p>→ capitalist commitment (this is a restatement of intentions of the 11.03.2011 Conclusion, beside that the democratic and prosperity aspect is missing now)</p> <p>→ capitalist commitment to economic liberalism</p> <p>→ democratic commitment to mass information</p>
(4) <i>European Council 24.06.2011</i>	<p>- 'Stability and Convergence Programmes and National Reform Programmes enables the EU to assess national growth and fiscal strategies together and to address possible risks, imbalances or trade-offs'(p.2)</p>	<p>→ more reform autonomy loss of the MS caused by the bad performance of domestic economic and financial sectors, in order to protect the functioning of the markets democratic domestic government autonomy is</p>

	<ul style="list-style-type: none"> <li>- 'Priority should also be given to ensuring a sound macroeconomic environment, restoring fiscal sustainability, correcting macroeconomic imbalances and strengthening the financial sector' (p.2)</li> <li>- one future goal of EUCO is to fight tax evasion</li> <li>- direct commitment to trade liberalization within Doha Development Round</li> <li>- congratulates Ireland and Portugal on the progress made regarding reform programmes which 'will ensure debt sustainability and will support the return of Ireland and Portugal to the financial markets' (p.5) /same applies to Greece (p.6)</li> </ul>	<p>limited in favor of higher 'less democratic' EU supervision and interference of all states into the domestic reforms of single democracies ⚡</p> <p>→ clear capitalist priorities</p> <p>→ can be interpreted to a commitment of the rule of law and social solidarity among all groups of citizens within the taxation policy</p> <p>→ economic liberalism (globally)</p> <p>→ capitalist commitment (the markets as the central theme); reform programmes only passed under mass demonstrations of the public and include severe cuts in social spending, pensions, education and public services</p> <p>→ interest conflict between the public and private (financial sector) interests ⚡</p>
(5) European Council 23.10.2011	<ul style="list-style-type: none"> <li>- implementation of 25% reduction of administrative burden regarding annual accounts, company law, taxation and customs until 2012 (2007 Action Programme for the reduction of administrative burdens) (p.2)</li> <li>- repetition (sometimes literally) of needed actions/ intentions/ priorities and goals of former EUCO Conclusions</li> <li>- Doha Round: 'efforts should in particular be geared to the removal of trade barriers, better market access, appropriate investment conditions, the protection of intellectual property, access to raw materials and the opening up of public procurement markets' (p.6)</li> <li>- 'G20 should continue to promote open capital markets and avoid financial protectionism' (p.7)</li> <li>- supporting the democratic transformation of its Southern Neighbourhood: 'Democratic transition and economic development in the whole region remain essential for the establishment of democracy, fully respecting the rule of law and human and civil rights' (p.9)</li> <li>- EUCO sees democratic principles and rule of law as the basis of the Eastern Partnership (p.11)</li> </ul>	<p>→ deregulation of markets</p> <p>→ commitment to global capitalism and liberalism</p> <p>→ confirmation of current capitalist international monetary system and a commitment to financial liberalism</p> <p>→ commitment to democracy as the preferred form of government within non-EU states as well (direct)</p> <p>→ EUCO is committed to support democratic principles and the rule of law in its eastern neighbourhood (direct)</p>

(6) <i>Euro Summit Statement 26.10.2011</i>	<ul style="list-style-type: none"> <li>- honors Spain for strict implementation of some labour and financial market reform and the reduce in its budget deficit and the adoption of a constitutional balanced budget amendment; demands further strict action to 'increase growth so as to reduce the unacceptable high level of unemployment' (p.2)</li> <li>- 'Italy will now implement the proposed structural reforms to increase competitiveness by cutting red tape, abolishing minimum tariffs in professional services and further liberalizing local public services and utilities. We note Italy's commitment to reform labour legislation and in particular the dismissal rules and procedures and to review the currently fragmented unemployment benefit system by the end of 2011, taking into account the budgetary constraints'</li> <li>- restating that fiscal sustainability and improved competitiveness are the current main objectives in the crisis combat and the EUCO 'invite(s) both countries to keep up their efforts, to stick to the agreed targets and stand ready to take any additional measure required to reach those targets'</li> <li>- concrete financing plan for Greece, outlining the time and amount of transfer made to Greece and the own efforts of Greece to reduce its public deficit and restore the liquidity of the state</li> </ul>	<p>→ see comment of the EUCO Conclusion of 24.06.2011 on Ireland, Portugal and Greece ⚡</p> <p>→ less labour protection, less unemployment and social spending and the liberalization of public services → all measures towards a more capitalist market structure (economic competitiveness vs. social solidarity) ⚡</p> <p>→ the markets as the center of political and economic life, considering the application of any measures to secure their well functioning</p> <p>→ almost complete loss of financial autonomy in Greece, high external pressure on the government (loss of decision-making power of the Greek people to external actors) ⚡</p>
(7) <i>European Council 09.12.2011</i>	<ul style="list-style-type: none"> <li>- reflection on passed semester, repetition of goals and call upon further efforts and political action into the same direction</li> <li>- energy, nuclear energy, enlargement debate (Croatia, Montenegro, Serbia)</li> <li>- Schengen</li> <li>- comments on Afghanistan, Syria, Iran</li> </ul>	<p>→ no concrete democratic or capitalist commitment made</p>
(1) <i>European Council 02.03.2012</i>	<ul style="list-style-type: none"> <li>- more focus on the creation to growth and jobs next to financial stability</li> <li>- "Europe 2020" is Europe's strategy for jobs and growth' (p.2) with five targets: promote employment; improve the conditions for innovation, research and development; meet our climate change and energy objectives; improve education levels and promote social inclusion, in particular through the reduction of poverty</li> <li>- 'the EUCO invites Member States, where appropriate, to review their tax systems with the aim of making them more effective and efficient, removing unjustified exemptions, broadening the tax base, shifting taxes away from labour, improving the efficiency of tax collection and tackling tax evasion'</li> </ul>	<p>→ Europe 2020 shows an entrepreneurial free market approach but with the inclusion of social justice (core value of democracy) measures</p> <p>→ labour protection within tax system, more broad solidaric tax base, improve rule of law regarding tax evasion</p>

	<ul style="list-style-type: none"> <li>- repeated commitment to the completion of the single market, reuction of regulatory and administrative burdens, removal of trade barriers (p.5/6)</li> <li>- foreign policy (southern neighbourhood): 'EU is determined to match support to the level of democratic reform, offering more support to those partners that make progress towards inclusive democratic systems, while reconsidering support to governments in cases of oppression or grave or systematic violations of human rights' (p.11)</li> <li>- honoring the struggle for democracy of the Syrian people</li> </ul>	<p>→ deregulated markets and economic liberalism</p> <p>→ subordination of cooperation (also financial and economic one) to the principles of democracy → strong democratic commitment (trade-off in favor of democracy) (direct) </p>
(2) <i>European Council 29.06.2012</i>	<ul style="list-style-type: none"> <li>- the 'old' topic: 'strong, smart, sustainable and inclusive growth, based on sound public finances, structural reforms and investment to boost competitiveness, remains our key Priority' (p.1)' and thus enhance the welfare of citizens' (p.1)</li> <li>- 'the European Council welcomed the adoption by the Council of the EU Strategic Framework for Human Rights and Democracy and the related Action Plan and underlined the importance of keeping human rights and democracy at the centre of EU foreign policy' (p.6)</li> <li>- one furtue EMU goal is to establish an integrated economic policy framework and strengthened democratic legitimacy and accountability (p.3)</li> </ul>	<p>→ the EUCO values efficiency, competition, and sustainable growth; the well being of the economy brings along the well being of citizens (the opposite as during the golden ages of growth)</p> <p>→ direct commitment to democracy within external relations</p> <p>→ clear democratic commitment, only with sufficient democratic legitimacy and accountability can decision-making powers be with the citizens</p>
(3) <i>European Council 19.10.2012</i>	<p>Member States should step up efforts to tackle the social consequences of the crisis and to fight poverty and social exclusion in line with the objectives of the Europe 2020 Strategy</p> <ul style="list-style-type: none"> <li>- again strong commitment to 'Strong mechanisms for democratic legitimacy and accountability' (p.9/10)</li> </ul>	<p>→ increase European social justice and solidarity to the poor, however concrete policy approaches are not elaborated and the social sphere of the crisis receives significantly less attention than the economic sphere and the negative social consequences of the crisis to certain groups of society (for example the poor) are mostly addressed by simply referring the need for more growth and jobs (one could say a democratic commitment to more solidarity but an insufficient one)</p> <p>→ democratic commitment (almost literally repeated in EUCO Conclusion before and after)</p>
(4) <i>Statement by the Members of the European Council 23.11.2012</i>	<ul style="list-style-type: none"> <li>- only one page → EUCO calls upon MS to find a consensus among the 27 over the Union's Multiannual Financial Framework for the period 2014-2020</li> </ul>	<p>→ no democratic or capitalist commitments made</p>
(5) <i>European Council 14.12.2012</i>	<ul style="list-style-type: none"> <li>- 'Europe to remain a highly competitive social market economy and to preserve the European social model</li> </ul>	<p>- the EUCO defines Europe as a competitive social market economy and commit themselves to the European Social model</p>



	<p>- again commitments to efficiency, competitiveness, growth and jobs</p> <p>- first semester of 2013: when an effective single supervisory mechanism is established, the European Stability Mechanism will, following a regular decision, have the possibility to recapitalise banks directly</p> <p>- 'the general objective remains to ensure democratic legitimacy and accountability at the level at which decisions are taken and implemented'</p> <p>- the EUCO sees European cooperation (especially in times of financial constraints) in order to develop military capabilities as a chance for increased employment, growth, innovation and industrial competitiveness within the European Union (p.9)</p>	<p>→ the economy as the central theme</p> <p>→ the recapitalization of banks as a sound measure (now with more authority transferred to EU level) of crisis prevention; the rescue of any failed market entity opposes market rationality and the rule of the market; neither was it the public will to rescue financial institutions → elite policy (the financial sector is an extremely powerful high-growth potential sector with direct linkage to the governments via national depth; distribution of power issue ⚡)</p> <p>→ general democratic commitment</p> <p>→ the EUCO demanding peace and democracy with regard to civil war areas or conflict zones (btw EU just received the Nobel Prize for Peace) sees further efficiency and market expansion chances within the military sector; value conflict between peace and stability and the blind market rationality of the military industry ⚡</p>
<p>(1) European Council (Multiannual Financial Framework) 07.02.2013</p>	<p>The EUCO intends to allocate EU expenditure from 2014 to 2020 (absolute numbers cover the whole six years at once) to the following purposes:</p> <p>(1) competitiveness for growth and jobs (max. EUR 125 614 million; the biggest share going to transport sector, then energy and then the telecommunication sector); promotion of research, innovation and technological development; action in favour of the competitiveness of enterprises and SMEs</p> <p>(2) Economic social and territorial cohesion (max. EUR 325 149 million; the goal is investment in growth and jobs for less developed regions which receive the biggest share of the budget, then transition regions, then more developed regions) special focus on youth initiatives</p> <p>(3) Sustainable growth: natural resources (max. EUR 373 179 million; covers agriculture, rural development, fisheries and a financial instrument for the environment and climate action → all allocated within CAP)</p> <p>(4) Security and citizenship (max. EUR 15 686 million; actions in relation to asylum and migration and initiatives in the areas of external borders and internal security and measures in the field of justice)</p> <p>(5) Global Europe (max. EUR 58 704 million; actions in relation to external relations and development cooperation)</p>	<p>→ point 2 shows EUCO's commitment to regional and social cohesion and a solidaric effort to further include less developed regions</p> <p>→ point 1 and 3 allocate funding to some of the biggest and richest sectors within the corresponding topic/field addressed (agriculture, transport, energy, telecommunication; all could in general finance innovation and technological development privately) each possessing huge lobby associations → possible overrepresentation of private business interests and little public interest ⚡</p>

	million; to finance projects outside the EU → 'partners will be adapted to their development situation and commitment and progress with regard to human rights, democracy, the rule of law and good governance' (p.38) (5) Administration (max. EUR 61 629 million → increases every year)	
(2) <i>European Council 08.02.2013</i>	<p>- support competitiveness, open up trade in services (reduce non-tariff trade barriers, ensure better market access, promote appropriate investment conditions including as regards its protection, enforce and promote intellectual property rights and open up public procurement markets) (p.1)</p> <p>- topic: Arab Spring: 'Civil society has an important role to play in the transition to democracy'(p.4) + 'to continue their efforts to develop stable and well-grounded democracies beyond the electoral processes' (p. 5); EUCO offers cooperation and assistance in this process</p> <p>- 'momentum on Deep and Comprehensive Free Trade Agreements, thus multiplying the possibilities for commercial exchanges and growth' (p. 6)</p>	<p>→ commitment to market deregulation</p> <p>→ could indicate the recognition of the extra parliamentary control force a proper organized civil society contributes to democracy (direct)</p> <p>→ EUCO also sees the liberalized economic advantages of cooperating with a region of (stable democracies</p>
(3) <i>European Council 14.03.2013</i>	<p>- the stagnation of economic activity forecast for 2013 and the unacceptably high levels of unemployment emphasise how crucial it is to accelerate efforts to support growth as a matter of priority while pursuing growth-friendly fiscal consolidation</p> <p>- repetition of the need to shift tax burdens away from labour and fight tax evasion</p> <p>- all other measures (mostly repeated from former EUCO conclusions) address the well functioning of the economy and increase of employment mostly reached through the increase of competition and growth The completion of the single market and promotion of youth employment as key solutions</p> <p>- 'reduce the overall burden of regulation at EU and national levels, while always taking account of the need for proper protection of consumers and employees'</p>	<p>→ growth as a priority while pursuing fiscal consolidation</p> <p>→ workers protection</p> <p>→ the well being of the economy and the markets as the upmost priority, as in the view of the EUCO social welfare and social prosperity can only be achieved through market competition and growth and jobs (fulfillment of private interests and assume automatic fulfillment of public interest alongside)</p> <p>→ trade-off between deregulation and protection of consumers (not citizens!) and employees (market rationality limited)</p>