The EU Institutional Reform Model and the Preferences of the Small Member States

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The success of the proposed institutional reform of the EU is of particular importance in the nearest future, as setbacks to reforms may ultimately result in the loss of credibility of the EU as a whole in the international arena. However, the decision whether the existing ‘community model’ should be renewed or the federal or the stakeholder model should be preferred is rather complicated, as the visions and interests of the member states of the EU widely differ. The article analyses which of these models will be most achievable and most beneficial from the perspective of the small member state of the EU. The research indicated that the renewal of the existing community model seems to be the most rational choice both in terms of measurable quantitative and qualitative aspects from the small EU member state’s perspective. The renewal of the existing ‘community model’ is also most rational choice in terms of applicability.

Key Words: European Union, federalization, stakeholder model, institutional reform
JEL Classification: F50, F55

Introduction

The hope that the European integration leads without any shadow of a doubt to the economic welfare and political harmony has been cast away in recent years of the financial crisis and the institutional fights (Barroso 2012; Cameron 2013, 1). The list of the challenges for the European Union is long, reflecting not only the problems initiated by the euro zone financial crisis and fiscal imbalances, but also stemming from more fundamental institutional issues in the EU. The lack of transparency in terms of member states’ fiscal obligations and the absence of uniformly applicable norms and convincing sanctions are just some examples indicating the need for reforms in the legal and institutional system of the EU.

However, the visions and interests of the member states of the EU in terms of the new institutional structure of the union, the legislative model and the division of competences widely differ. Whereas some EU member states (the United Kingdom, the Czech Republic and Denmark)
rather prefer the renewal of the existing ‘community model’ based on the functional approach, other member states support federalization (Belgium and France) or so-called ‘stakeholder model’ (Germany and Luxembourg). Therefore, even after 60 years of the discussions how the integration should continue, the member states of the EU are again facing the dilemma whether to continue with the existing ‘community model,’ to incline towards the federal state or to continue the reforms in manner already used to institutionalize the European Stability Mechanism (ESM). The topic is of particular importance for the small EU member states, which in general have fewer opportunities and less influence to protect their interests in the international arena.

This paper examines the three main scenarios of the EU institutional reform, asking the question which model is both most achievable and most beneficial for the small member states of the EU. The article is structured as follows. The main EU institutional reform scenarios will be analyzed in a comparative manner in terms of the theoretical expectations and empirical circumstances in Sections 2, 3 and 4. Hereby, the key variables determining the attractiveness of the reform scenario are the current level of national representation and the influence of the EU member states in the institutions, the level of sovereignty to be shared, and the gains returned in terms of security and welfare (see Antola and Lehtimäki 2001, 7). The Estonian case will be used both to illustrate the terms of debates and to indicate the main dilemmas and questions. Section 5 concludes.

The Pros and Cons of the Stakeholder Model as the EU Institutional Reform Scenario

The stakeholder theory that is already used for decades in the organization management (see, for example, Freemann 1984, 42–44; Mitchell, Agle and Wood 1997, 857) has also provided a good basis for analyzing the EU institution building in the academic literature (see Richardson 2006, Chapter 1; etc.). Hereby, the stakeholder model of governance, which involves the EU institutions, national governments and other actors, could be described as a business-driven vision of institution building.

The basic principles underlying the stakeholder model have already been incorporated into the institutional features of the EU, such as the European Stability Mechanism (ESM) and the European Financial Stability Facility (EFSF). Both symbols of the advanced economic and fiscal cooperation in Europe are based on the principles of rationality, economic

Managing Global Transitions
The representation of the euro area member states’ in ESM/ESFSF also differs from their current representation in the European Commission, the European Court of Justice, the European Parliament and the
Council of Ministers. In the Estonian case, country’s representation (as stated in the Lisbon Treaty) both in the European Commission and in the Court of Justice is 3.57%, in the European Parliament is 0.8% and in the Council of Ministers is 3.57% if the qualified majority voting is used and 1.23% if the consensus voting is used. According to the division of voting in the community model, calculated average of the Estonian representation in the EU is 2.58%, which is 13.9 times higher than the representation in ESM and 10.1 times higher than representation in the EFSF (author’s calculations). It should also be noted that in order to gain the 0.186% voting share in the ESM and 0.255% voting share in the EFSF, Estonia took the responsibility of making the payment of 148 million Euros and as a shareholder to take obligations for up to 3 billion Euros (roughly 2500 Euros per capita), which is almost 50% of the Estonia’s central government’s budget revenues in the year 2013 (Bank of Estonia 2013).

The difference is even more visible when comparing the actual voting rules with the majority voting rules in the ESM and the EFSF. As stated in the founding treaties of the ESM and EFSF, from the beginning of 2014 Germany, France and Italy have altogether 65% of the votes among the eighteen member states, whereas the rest of the member states will only control 35% of the votes. The decisions will be taken, using the same distribution of votes. As a result, the qualified majority of votes that is needed for decision-making and levelling in 80% could be achieved with the votes of the five biggest euro area member states. At the same time, to pass a legislative act in the Council of the European Union that represents the consensus tradition in the EU, it takes at least 260 votes of 352 votes, which covers approximately 74% of the total number of votes, as well as half-plus-one of the member states (or at least 2/3 of member states if the legal proposal is not initiated by the European Commission) and 62% of the population behind the member states.

Thus, whereas the existing community model of the EU is based on the principles of consolidated democracy, solidarity, transparency, inclusion of all interest groups, and equal treatment of the EU member states, the stakeholder model that was used to build up the ESM and EFSF is rather characterized by the institutionalization logic and the values which are typical to a profit-focused business corporation. This is also the main reason why today the EU finds itself in a situation, where the ESM and the EFSF – the institutions established to find a solution to the financial crisis and to ensure financial stability in the future – neither share the values of the present European Union nor follow the idea of the federal
Europe which is currently a highly debated topic. At the same time, both institutions invoked to ‘save’ the EU of today and to start building a federation in the future have been legitimized by the mandate received from the Europe’s citizens in the past referenda.

The need for such a decisive change in values and rules concerning the joint governance of the EU has been justified by the argument that the current European model which is based on solidarity and overrepresentation of small EU member states is nowadays unsustainable, as due to the qualified majority voting used in the EU decision making procedure it possible for some indebted small EU member states to ask for additional funds and to block the counterbalancing proposals of ‘responsible EU member states’ to restructure the debts and to rebalance their national budgets with joint costs (see Lane 2010, 59–60). The corporate stakeholder model is therefore reflecting the opinions of the big member states like Germany, France and Italy, as it reflects the principle that ‘the one who pays the bill can also order the music.’ At the same time, it should be definitely questioned whether the 0.186% and 0.255% voting shares for the obligation with the possible value of 3 billion Euros is something what Estonia have expected as a form of sharing solidarity in the EU and being an equal partner with the big member states in the European affairs (Veebel and Markus 2013, 61).

Despite the underrepresentation of small euro area member states in the recent European initiatives, Estonia is rather supporting the stakeholder model, stressing that the state functions may be carried out more successfully by using the corporate model of governance within the EU. In addition, the advantages of the stakeholder model in stabilizing the fiscal and financial situation are stressed. In Estonia, the stakeholder model is mainly supported by the Minister of Financial Affairs, Mr. Jürgen Ligi, and the former Prime Minister of Estonia, Andrus Ansip, who has stressed that stakeholder model is both more efficient in terms of decision-making and also more ethical than existing ‘community model’ as it gives the right of the decision to those countries who actually pay for the policy implementation (Riigikogu 2011).

To sum up, based on the examples of the ESM and the EFSF the stakeholder model provides by far the lowest representation of small member states of the euro area/EU considering their GDP level (such as Estonia) and tends to over-represent large euro area countries with a larger population and a higher level of GDP (like Germany, Italy and France). Understandably, the biggest member states of the European Union tend to
give preference to the stakeholder model rather than the federal model or the renewed ‘community’ model.

The Federal Model as the Potential Scenario of the EU Institutional Reform

Although ‘federalization’ as one possible solution to avoid the financial crises in the future has been particularly stressed during the recent European sovereign debt crisis (see Barroso 2012; Mugge 2011; Schmidt 2010), the debates on the federal Europe are much older. The concept of federalization in Europe was for the first time presented more than 60 years ago, when the European Communities were founded and re-debated 25 years ago, when the Maastricht Treaty was designed. At the Millennium the debates on the federal Europe intensified again during the sessions of the Convention on the Future of Europe, when the European Constitutional Treaty was prepared. However, all of these initiatives and debates have not stated the creation of a federal union as an objective and have ended without any ‘federal trace’ to the official legislation procedure. Instead of it the enhanced cooperation (the idea and slogan of ‘ever closer union’), supranationalism and deepening of the integration have been emphasized in the treaties. Thus, in legal terms the European citizens as the electorate have not given a mandate to the EU policy-makers at any referenda to create a federal union as well as the EU member states’ accession treaties to the EU have not foreseen the possibility of the union evolving to a federation.

Against this background, the question should be addressed whether federalization is a native or applicable part of the European integration at all and why has it not been achieved yet (Kregel 2011). Theoreticians of the European integration, like Rosamond (2000), Porto (2004), Weiler (1991) and Hix (1999) have rather been skeptical towards feasibility of federalization based on the historical experience. In practice, the vision of the federal Europe is mostly supported by the political elite of the six founding members (Belgium, France, Germany, Italy, Luxembourg and the Netherlands) of the EU. Two of them, Germany and Belgium, stand out as countries having broad experience with the federal model of governance at the national level. Therefore, it is understandable that well-known top-politicians who have openly advocated for a federation – Spinelli, Pleven and Spaak in the early years of the European integration, Fischer in 2000 and Verhofstadt, Cohn-Bendit and Van Rompuy as of now – come from the six founding members of the EU. As regards the top politicians of the
small EU member states, besides Herman Van Rompuy (from Belgium) also José Manuel Barroso from Portugal has openly supported the European federalization idea (see Barroso 2012, 1–3). Some of the member states (Germany, Austria and France) would in some aspects rather prefer more static type of the federation with more strict legal regulations that would grant a more straightforward legal relationship and more effective scrutiny (Raig 2013, 12). At the same time, the United Kingdom, Finland, Sweden, Denmark, Poland, the Czech Republic are rather skeptical as regards the federal model. Whereas the critical attitudes towards federalization were in most of these countries expressed passively, the politicians of the United Kingdom have been the source of active and vocal criticism, which reverberates in the speeches of David Cameron and Nigel Farage. In addition, Timo Soini from Finland and Vaclav Klaus from Czech Republic have expressed some criticisms towards federalization. All of this makes the smooth transition from the current constellation of the EU member states to the full-fledged federation inconceivable (Hurt and Veebel 2013).

The discussion on the potential EU institutional reform scenarios in the future involves even more questions on the additional value generated by the federal model of Europe in economic and political terms, on the conditions guaranteeing a successful implementation of the model in practice with the existing legal basis, on the effect of the federalization on the representativeness of small EU member states, etc. As suggested by Fischer (2000, 1–2) and Rosamond (2000), the aim of the European federal reform would be to gain more administrative and political control over the fiscal policies of the EU member states, to consolidate already implemented reforms in the financial sector and to reach the fundamentally new qualitative level in the European Union unification process. However, neither in theory not in real terms there is no evidence that federal reforms, Europeanization, and centrally coordinated supervision would increase the economic and fiscal efficiency of the EU, make it more competitive, bring more funds to the EU budget or increase its exports (see Kregel 2011, 7).

One potential risk is that a federal relationship tends to create a situation where problematic member states will not be able to rely on the joint resources and the solidarity principle anymore to solve their debt issues and the responsibility and the cost related to these problems will be transferred on the shoulders of other EU member states. According to the ideal model, a federal reform would lead to a clear, standardized, fixed,
legally binding and stable division of political and institutional power and competencies between the institutions of the EU and the member states, accompanied by coercive and supervisory measures. The stability will be achieved by the uniform approach to all EU Member States despite their differences in terms of economic development, geographic location, social traditions, etc. In real terms the unification means that the over-capitalized gigantic Germany, the miniature Luxembourg and deeply indebted mid-size Greece and Portugal will be treated in the same way. This might at least in short-term improve the financial health of the EU and its member states, but it will be achieved at the cost of slowing down the economic development in economically stronger EU member states. As a result, the EU as a whole will be less able to use its special economic and social differences and advantages (Alesina, Ardagna and Galasso 2008; Kregel 2011, 5).

This leads us also to the main weakness of the federal model of Europe, which is the lack of dynamics, flexibility and progress. On the one hand federalization would contribute to the integration by delegating competences to the joint institutions, one the other hand it would lock it as regards the dynamics of the integration process. Should the countries use the federal model and the financial crisis occurs, it would be impossible to redistribute the competences operatively anymore as it has been done in 2012. In other words, static federalism and dynamic integration mutually exclude each other: static federalism offers stability, peace and stagnation, whereas dynamic integration refers to the gradual development including periodic crises, uncertainty and instability. Both models cannot be followed simultaneously, while opting for the federalization, it also means choosing to stop further developments of integration. Theoretically it is rather questionable whether a stable but stagnant institutional solution guarantees the competitiveness of Europe in the global arena and enhances the common European values. Logically, this choice is rational only in a situation where the EU member states believe that the model of cooperation has exhausted itself to date and that in a current situation the focus should be on safeguarding the previous achievements (Hurt and Veebel 2013, 2–3). At the same time, particularly the top-politicians present federalization as a model which would preserve the strong points of the current neo-functionalist model of integration (mostly its ability to evolve and its flexibility), but it would be topped-up by clearer distribution of competences and scrutiny to prevent possible violations.
For small states, the federal model offers both possible threats and advantages. The advantages are related to the guaranteed level of representation, participation and inclusion in the institutions of the EU, which in some cases might overweight the actual size of the small member states. Federalism sets also some limits to the legal, administrative and cultural ‘melting’ of the smallest states, as their special competences and representation are to some extent safeguarded. The risks are related to the effects of centralization and unification, which might still reduce the ability of a small state to use some of the country-specific advantages. Additionally, federal legislation rather tends to reflect the needs of big member states in the core Europe than the peripheral problems of small states.

The idea of the federalization of Europe has many supporters also among the Estonian political elite (Ilves 2013, 1), because it is considered as an alternative to the model of the multi-speed Europe, in which the Baltic States would rather be classified as a periphery with all the security concerns and the problems related to the decline in the economic advantages. It has also been stipulated that small and peripheral states are able to defend their interests better in the federal union (Rumm 2013, 2). Federalization is also seen as the best alternative to counter-balance the financial dominance of the big EU member states in the European Stability Mechanism. Based on those arguments the EU policy of the Estonian government has supported the federal model of Europe (Government of Estonia 2011). However, one could rather assume that the birth of the European Federation is delayed in a longer perspective, as the founding treaties of the European integration could only be changed if the European Parliament and all the member states of the EU are consensually supporting it. The choice is whether to go on as a loosely bound confederalive union or to create a federation consisting less member states, but having more common interests (Zielonka 2006, 35). Another relatively feasible alternative would be to start developing federalization within the framework of the current treaties, but in particular case the legitimacy of this process is rather questionable in the eyes of the citizens of Europe.

Should the Renewed ‘Community Model’ Be Considered as a Solution?

The evolutionary logic of the institutional development of the EU is based on the idea of continuous widening and deepening of its competencies to the new fields and new member states. This approach originates from the beginning of the European integration in the 1950s, when
common institutions, regulations, resources, values and objectives were considered as a motivation for more advanced cooperation, which will be beneficiary for all cooperating parties (Haas 1964; Mitrany 1975). Also nowadays, the joint activities and regulations have been a priori seen as something that creates additional value and needs no further justification, be it the common agricultural policy, the euro zone or the Schengen area (Porto 2004). Also in practice, the European integration is characterized by the increasing number of institutional bodies, more comprehensive regulatory framework of markets, constantly growing budget, increasing re-distribution, subsidies, etc. Hereby, the principles of subsidiary and proportionality should guarantee that the national interests of the member states are safeguarded, stipulating that the institutions of the EU must provide proof that the new legislation or initiative creates additional value compared to the already existing national legislation and that the involvement of the institutions of the EU must be limited to what is necessary to achieve the objectives of the EU. In real terms, the representatives of these member states of the EU which do not want to get involved in the new initiatives might rather receive some questions from the presidency or the Commission asking ‘Doesn’t your country wish to contribute growingly to the integration, progress and well-being of Europe?’ The rejection of the new EU legislation is only accepted by the EU if the representatives of the member states could provide the evidence that the new legislation has a negative impact on the particular country and on the wider interests of the union.

In principle, the European model has been successful in granting peace and prosperity to its citizens and so a logical conclusion would be to turn to the additional regulations, institutional inclusion, standardization and evolitional growth of financing in difficult times. For example, when banking and bond markets have not acted according to the expectations in 2013, new regulations and standards were agreed and supranational bodies were established as a logical solution for most of the EU member states and institutions. Similar logic also applies to the union-wide problems, which are often considered as a result of national peculiarities (Greek budget deficit, Spanish unemployment or Italian productivity) or insufficient legal standardization, which should be eliminated by the common measures (for example, ‘The Fiscal Compact’) (Schmidt 2010, 203–204). Thus, the renewal of the current integration model would be a rational choice.

However, when looking particularly at the effects of the recent ini-
The EU Institutional Reform Model

Initiatives where the role and the competences of supranational institutions have been increased (like the Lisbon Treaty or the establishment of the ESM and the EFSF), also negative long-term effects in the form of economic, political and social problems in the EU could be witnessed. Firstly, the unemployment rate in the euro zone is higher than in the member states, which have not joined the single currency area. Secondly, the accumulation of debt in some euro area countries (such as Greece, Portugal, Ireland, Spain and Italy) has taken place in the framework of the single currency, where individual responsibility of particular countries was lacking. Thirdly, the rules and regulations set in the framework of the single currency and the euro zone have led to a drastic decrease in the productivity of the countries struggling now with debt, so that they are facing labour market rigidities and difficulties in making payments. A similar tendency could be observed in the field of the Common Agricultural Policy, where seemingly more effective subsidies aggravate the decrease in the productivity and competitiveness year-by-year. Could this lead to a conclusion that the European model of the institutional growth, supranational integration and extensive system of subsidies has still exhausted itself and what should the EU do in a situation, where the policies, legislation and rules that have so far been successful are also the main cause of the long-term problems of the European Union?

The same issue has also been debated 10 years ago, when the Treaty establishing a Constitution for Europe has been discussed. Then it has been agreed that updating of the joint legislation and delegating responsibilities to the EU could not be stopped, but simultaneously also the procedures of active deregulation and returning competences to the member states should be developed, which would allow them to use their distinctive competitive advantages. On the upside, it would allow to increase the individual responsibility of the member states. On the downside, the implementation of the idea is rather crucial, as it would require the formation of the permanent working group consisting of the representatives of the member states, which would select areas, and issues that need to be regulated on a supranational level as well as estimate whether the joint regulations would bring the desired effects. However, in practice the progress on developing these procedures remained rather limited.

The importance of maintaining some of the characteristics of the existing model of functional integration, also known as ‘community model’
(Rosamond 2000), is particularly important for two reasons. Firstly, existing ‘community model’ allows membership in the EU also for those countries, which do not want to participate in all the common policies (the United Kingdom, Sweden, Denmark and Ireland have their own interests in terms of common currency or Schengen Visa area). Secondly, existing model allows flexible combination of governance in the framework of supranational and intergovernmental institutions (Weiler 1991, 405). As stipulated by Moravcsik (1998, 35–38), should the proposed model of the European Federation based on the unification bring the member states both less control over political agenda and less competence control, they would not be interested in supporting the process. This might concern particularly the big EU member states, which would be less represented in the federal model than in the stakeholder model or in the existing distribution of votes and seats.

Among the EU member states, the main supporters of the renewal of the existing ‘community model’ are the small EU member states who would like to retain their over-representation in the institutions of the EU, and the member states which do not support the deepening and widening of the integration in new areas. The main opponents of the model are big EU member states who would like to increase their voting power and those member states who would rather be interested in deepening the integrity level of the EU. From the perspective of the small member states of the EU, particularly in the Estonian case the government’s positions as regards the extent of the redistribution of competencies has somewhat changed in the last 10 years. After the accession to the EU in 2004, in Estonia the intergovernmental model was considered as the model, which meets country’s values and interests. Estonia also supported the approach that deregulation/market regulation and the principle of subsidiarity should be strongly followed and subsidies should be reduced (see Government of Estonia 2004). The change of attitude as regards the redistribution of competences could be observed in 2007, when governmental representatives stated, that the community model would offer best representation for the small EU member state like Estonia. Increasing regulation and integration have been described as positive tendencies, which contribute to social security and cohesion, and market regulation has been described as being failed in fulfilling people’s expectations (see Government of Estonia 2007), as well as principles of market economy and individual responsibility were replaced by the ideas of solidarity and growing competences of joint institutions.

*Managing Global Transitions*
Conclusions: Which Model should be Preferred from the Small EU Member State Perspective

Institutional changes, which have been made in the EU during the recent financial crisis in 2007–2009 and thereafter, rather follow an unexpected logic. Firstly, although the debates on the possible federalization of Europe have been intense in recent years focusing on the ideals and common values in Europe, this does not reflect the current practice. Secondly, in practice also the renewal of the current ‘community model’ has been rejected relatively decisively both in political and economic terms by the member states of the EU, as the politicians who have requested for such a debate (for example, David Cameron and his ‘Speech on The Future of Europe’ 2013) have been seen as the opponents of even more progressive integration. Thirdly, although based on the stakeholder model, new powerful financial institutions like the European Stability Mechanism and the European Financial Stability Facility have been created, the wider and more democratic public participation was not considered necessary although the financial resources gathered in these funds exceed several times the budget of the EU as well as the governance of these institutions substantially differs from the past legitimate logic of the EU. In addition, one should bear in mind that with its 28 member states, it is more difficult than ever to come to any agreement, which satisfies all the parties involved. For this reason, the EU has been criticized both for taking too long to respond adequately to the crises and for trying to bypass the conventional time-consuming decision-making procedures.

The institutional reform of the EU in the future captures a number of risks that need to be taken into account, as setbacks to reforms may deepen the crisis of confidence between the supranational institutions, the member states and their citizens and ultimately result in the loss of credibility of the EU as a whole in the international arena. In principle, the decision which model will be chosen as a basis for the institutional reforms of the EU in the future depends on the current level of national representation and the influence of the EU member states in the institutions, the level of sovereignty to be shared, and the gains returned in terms of security and welfare.

Particularly in Estonia, the question to what extent the sovereignty should be additionally delegated to the institutions of the EU in the framework of the institutional reform has been widely debated before the ratification of the European Constitutional Treaty and the Lisbon
Treaty in the Estonian Parliament, but has been sidelined in the debates over the ESM, EFSF and European federalization. During the ratification of the Lisbon Treaty, the Estonian government took the view that more integration means more economic benefits and more security, although in terms of independence and sovereignty Estonia had already achieved the maximum when joining the EU and NATO. The incline towards the federal model and the deepening of the community model were considered as the protection against the increasing influence of the big EU member states.

In majority of the institutions of the EU Estonia enjoys overrepresentation in contrast to the micro representation in the ESM and in the EFSF. However, the national representation in the institutions of the EU should be interpreted in a broader context, focusing not only on the number of votes or seats, but also on the number of qualified and professional administrative staff available in general. Despite the fact that in the ESM and in the EFSF the country is rather underrepresented in comparison to their share in the EU total population, during the period of the Estonian membership in the EU neither public, media nor academia have raised the question whether the national representation of Estonia might be too small in the institutions of the EU, as the Estonia’s micro representation in the ESM and in the EFSF is not widely known. The debates on the country’s representation in the EU have rather been indirect, focusing on the question how to find well-qualified candidates for high-ranking local EU-related positions and in the institutions of the EU, which may indicate that in real terms country’s influence in the institutions of the EU is somewhat lower that based on the number of seats in the institutions of the EU. What has been communicated more often is the need to avoid the creation of the multi-speed Europe or at least to ensure that in case of its creation Estonia will receive the representation of core members.

In contrast to the country’s representation in the institutions of the EU, the gains returned in terms of security and welfare have been at the centre of the debates on the delegation of sovereignty in Estonia since the beginning of the euro zone crisis in 2007. During the EU membership, the ministers of the Estonian government and the President of the Republic, Toomas Hendrik Ilves have been in agreement that the gains in terms of security and financial support are so remarkable that in principle Estonia is satisfied with the current distribution of votes, as well as the country would be ready to accept any of these three scenarios, including additional payments and reduced representation with the single purpose
to keep the membership. However, the arguments expressed by the government and the president have been slightly different. The President has rather been in favour of the federal model, based on the American federal experience of strong economic and security connections (Ilves and Raidla 2013). However, he has also agreed to the stakeholder model by saying that Estonia would anyway receive more subsidies from the EU than would be the country’s contribution to the common budget of the EU and, therefore, Estonia should not complain. At the same time, the Former Prime Minister, Andrus Ansip and the Minister of Finance, Jürgen Ligi have emphasized that the role of the EU in the Estonian economy is increasing, becoming more and more important and is in many aspects already irreplaceable. This statement is also supported by fact that the European subsidies and investments reached 22% of the Estonian budget in 2013. In addition, during the debates over the ESM and the EFSF, they have stressed that the aim of the fiscal reforms is to keep eurozone stable and to share the solidarity at any cost, as this guarantees the best possible economic outcome for Estonia in the long-term perspective.

To sum up, the current research indicated that although federal model has been widely debated in the history of the European integration and the stakeholder model has even been partially tested in practice, the renewal of the existing community model seems to be the most rational choice both in terms of measurable quantitative aspects (votes and seats to be received in institutions and additional resources to be allocated) and qualitative aspects (level of sovereignty to be additionally delegated and actual ability to impact the political decision making) from the small EU member state’s perspective. It is also most rational choice in terms of applicability, as both the federal model and stakeholder model need consensual support from the member states of the EU to replace the existing model, whereas some anti-federal member states and small members of the EU which do not want to lose their existing overrepresentation in supranational institutions are against both ‘new’ models.

Based on the past historical experiences in reforming the institutional system of the EU, the reforms could succeed if the risks stemming from every scenario will be comprehensively analyzed. From the perspective of the small EU member states it is important to map countries objectives as regards the institutional reform of the EU, and then proactively steer the reform process in the direction in which they want to see it going rather than adjust its behaviour in accordance with the positions of other EU member states.
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