

## **The Innovation Union and Democracy in the E.U.**

**Zlat R. Milovanovic**

*School of Political Sciences, University American College Skopje, Republic of North Macedonia*

### **Introduction**

The Reform Treaty of 2007 established the values and objectives of the EU. Innovation is not specifically mentioned, nor are research and development, but they are clearly related to the values and objectives.

The Innovation Union was launched in 2010 as one of the flagship initiatives of The Europe 2020 Strategy. The EU is to be a world class performer in innovation, remove the obstacles to innovation, and “revolutionize the way the public and the private sector work together”. In the process, the EU will produce 3.7 million jobs by 2020, and more if combined with the digitalization process, which is separately run by the European Commission. Innovation would be achieved in cooperation with the private sector, local authorities, and individual citizens of EU member states. Citizens should be full participants, and the ultimate beneficiaries of the EU activities.

Democracy at the EU level has not made much progress. Many EU reports and others by scholars have been looking in the so called “democratic deficit”.

We will look at two questions:

1. Is the innovation with digitalization likely to raise the standard of living in a far advanced economic system?
2. Can democracy grow or diminish in the new economic system called “the second industrial revolution (as it is called by K. Drum, although some call it the third or fourth industrial revolution)?

Those who wrote the Lisbon Treaty believed in a high standard of living and democratic – liberal institutions in not that too distant future; a world of peace and further development. The EU and its citizens should be able to create a better future for all.

## **Innovation and beyond**

Innovation may mean different things to different nations and individuals, to economists, scientists, politicians and others. The word innovation means any change for the better, from new discoveries to a revolution (i.e. “res novae” in Latin).

The EU plans creating the Innovation Union contained some 30 action points aimed at three things: Make Europe into a world class science performer; remove the obstacles to innovation, such as expensive patenting, market fragmentation, slow standard setting and diminishing skills’ shortages; revolutionize the way public and private sectors work together, notably through innovation, partnerships between the European institutions, scientific centers, regional authorities and citizens (State of the Innovation Union, 2015). This document presents the progress achieved in five years at the national and European level. There are areas where more action is needed. Europe should be more competitive despite budgetary constraints, demographic change and increased world competition.

The Directorate General for Research and Innovation of the European Commission has prepared a manual on how research is organized, a policy on economic and social cohesion, the EU growth strategy, participation of other EU institutions et al.

EU research includes industry relations, innovation in economic knowledge, public-private partnerships, local shareholders, ICT shareholders, interoperability and other topics.

The political aspects such as democracy, direct democracy, or citizens’ participation in economic growth are not included. Social studies in general are not included, such as sociology, political science, aspects of international law, ethnography, and the equality of men and women. It is not clear which research centers and universities are included in the research of the EU.

The 2015 document proposed a new integrated process of R & D. This process connects the researcher – the EU – the producers (public and private) – the local communities – the trade organizations – the citizens. That way, the benefits of the research and development are directly connected to the individual customer, while benefits are distributed at all levels. This process saves money at each level, allowing for increased investments, and improves the quality of the products.

The plan also called for every member state to invest 3% of its GDP into R & D at appropriate levels which could result in 3.7 million new jobs by 2020 EU-wide.

Digitalization is another area of R & D, organized separately within the European Commission in a Directorate of its own. The EU’s digital transformation has great potential for extremely important changes to the EU itself, to the businesses, to the society, and to each and every member state.

The EU’s industry can be further built on the strengths of advanced digital technology in traditional and new sectors. This includes:

- Big data and digital technology;

- robotics;
- 3 D printing;
- blockchain technologies
- artificial intelligence (AI).

The EU should capture a part of that new market, while retraining its own staff, developing digital security, and enhancing growth in all areas. If the first industrial revolution was a product of the steam engine, germ theory, electricity and railroads, the second, currently taking place, will most likely be the product of AI, of digitalization in all its forms, and of innovation as well (Drum, 2018). The world will not be the same in 40 years or by the end of the 21<sup>st</sup> century.

We should mention here that the first Digitalization Conference of the Western Balkans was held by those countries and the EU in Skopje in 2018. The Balkans already participate in AI development. Other regions of the world are also involved or becoming involved. Some AI products are already available on a global level (e.g. 4G phone connections).

## **EU member states' performance in numbers**

Which EU member states are the most successful in R & D? The EU Innovation Scoreboard issued on June 22, 2018 states that innovation continues to improve. Since 2010, the program has been accelerating and the outlook is positive. Within the EU, R & D increased by 5.8% and an additional 6% is expected to be achieved in two years, by 2020.

According to the Scoreboard, the EU has improved its world position relative to the U.S., Japan and Canada. China is catching up. Since 2010, Sweden has been the leader in the EU, followed by Finland, Denmark, the Netherlands, the U.K. and Luxemburg. The fastest growing member states have been the U.K. Luxemburg, the Netherlands, Malta, France and Latvia. In particular areas, the top nations have been Denmark, Luxemburg, France, Ireland and Belgium.

Taking into account the 2018 World Bank ranking, the innovation leaders are Sweden, Denmark, Finland, the U.K. and the Netherlands. In the world GDP ranking, the U.K. is 5<sup>th</sup>, while Finland is 42<sup>nd</sup>. The best in innovation are the countries with the GDP within the top 50.

According to the Freedom House Report 2019 the innovation leaders are all free nations, although some have moved down in their status recently.

Among the leaders and strong innovators, we find the great powers of today and some that were great powers in history, like Sweden, Italy, and Spain.

Global spending on R & D has reached a new high of 1.7 trillion. Only ten countries spend 3% of GDP or more on R & D. They are: Germany, France, the U.K., the Netherlands, Italy, Spain, Austria, Sweden,

Finland, Denmark. After BREXIT Belgium and/or Turkey may find themselves among the top ten. The same countries, along with Slovenia, are also among the first 15 contributors in the business sector.

Looking at the journal SCIMAGO's ranking of countries according to their contribution to scientific journals, we find the top ten in spending on R&D with the U.K., Germany and France on top. The first seven countries on this list combined published more scientific articles than the most prolific publisher—the U.S. These seven are followed by Poland, Finland and the Czech Republic.

No matter which table we take, the same EU countries are always on top. It can be assumed that after Brexit, Belgium will be joining the ten. (Belgium spends 2.46% of its GDP on R & D.

Looking ahead, we should not forget the so-called Digital revolution. Right now, according to Kevin Drum “the world is at the dawn of the greatest industrial revolution, this time, a Digital revolution. Its impact will be, if anything, even greater than that of the first.” (Drum, 2018). This revolution is still in its pre-natal stage but it can occur within 4-5 decades. The locomotive is almost ready: the most powerful computers in the world are already as powerful as the human brain! That means a new industrial revolution by robots! Whatever nation has the strongest AI may rule the world, if it wants to. New aspects of cooperation will eventually develop, with single markets, single currency, businesses and – perhaps an end to wars or international conflicts. The future should be studied seriously, despite today's difficulties.

At the same time, more centralization and authoritarianism are likely to develop, new unemployment, fewer people in economic and political development, fewer human rights, etc. Should the EU and the UN support such developments? Various international organizations will be disappearing. “Yin and Yang will go together”.

## **On democracy**

“The Union is founded on the values of respect of dignity, freedom, democracy, equality, the rule of law and respect of human rights, including the rights of minorities.” (The Treaty of the EU, 2007).

The objectives of the EU are defined as:

- Peace
- Full employment
- Sustainable development
- Solidarity
- Cultural diversity
- Cohesion
- Protection of citizens

and, undisturbed competition on the internal markets, mentioned in a special protocol.

If the EU supports AI and digitalization, it may be working against full employment or the protection of citizens or human rights and democracy! On the other hand, AI and digitalization may favor peace, free competition, and the interests of businesses at various levels.

The development of technology and innovation can be used to promote and apply direct democracy in all societies.

All of this relates to the concept of the “sovereignty of man” and “communities of citizens,” discussed by Jean Jacques Rousseau in the 18<sup>th</sup> century (Rousseau, 1762). The sovereignty of national governments is based on the sovereignty of man (and woman, not mentioned by Rousseau). In the 19<sup>th</sup> century, Proudhon wrote that the power elected by citizens monopolizes their “general will”. It is the government that takes control of the people in whose name it governs. (Boucle, 1930). The People is always more and more distanced from its sovereignty, wrote Maurice Duverger in the 20<sup>th</sup> century (Duverger, 1967).

Going back to the French revolution, one of its most prominent democrats was Olympe de Gouges (1748-1793), the woman who wrote the Declaration of the Rights of Women and French Citizens (published in 1791). Her Declaration proclaimed the full equality of women and men, with full political rights. She originally sent that Declaration to the Queen and to the National Convention. In a separate action, she demanded the abolition of slavery in French territories.

We do not have to go back to the French revolution and its famous slogan of LIBERTE – EGALITE – FRATERNITE. Today, we have the UN Charter and the Universal Declaration of Human Rights (70 years old). We have the two Covenants of human rights with their first protective mechanisms, and we have the confirmation of human rights in tens of international legal documents, all the way to the UN Convention of the Rights of the Child (2000). There are many international commissions, councils, regional and sub-regional systems. For the international system today, lack of respect for human rights leads to war while the respect of those rights guarantees peace! Yet, the protection of human rights is not always efficient, even in the most developed democracies. (Haas, 2019)

Liberalism without democracy is not liberalism. What about direct democracy? It has existed all the way from the period of barbarity, and civilization recognizes it too. Ancient Greek city-states were run by direct democracy. A referendum in its modern form is practiced in a number of U.S. states and local communities, in Switzerland, in France and even in some parts of Kurdistan. Zbigniew Brzezinski proposed it in his study of the technetronic age (Brzezinski, 1970). He thought that the innovations in technical means of our modern times would allow direct voting by every citizen (from his/her home, office or from any place).

The EU has a form of direct democracy --the referendum-- in its basic documents, but does not use it. The conditions for requesting a referendum are rather difficult. The signatures of one million European

citizens are required, which could not be easily achieved except through some means of modern technology. The democratic deficit in the EU appears in different forms (Milovanovic, 2017).

BREXIT and other exits in the future, if they occur, show that the sovereignty of member-states at European level remains fully independent of the majority of citizens. Although some citizens proposed BREXIT, the decision of the referendum in the U.K. was not made by all citizens. In fact, today's majority is even opposed to it. This situation reinforces the trilemma: international integration – national institutions – democracy (The Economist, 2019). Dani Rodrik of the Kennedy Harvard School is quoted as calling this problem of the world economy as inescapable. A nation cannot have its international integration, functioning national institutions and democracy fully at the same time. Two of those are possible, three are not.

On the other hand, Paolo Mantegazza, in his novel about the future, predicted a European Union (with its capital in Rome), the member states and the local communities all run smoothly by the “cosmopolitical citizens”. (The Economist, 2019). How and when will EU citizens become cosmopolitical?

Mantegazza and those who wrote the Lisbon Treaty may have been too optimistic. They all believed in higher living standards based on modern technologies, in democratic institutions at all levels, in peace and a continuous economic development. They all believed in better educated European citizens as well. Still, the EU should be able to build a better future for all.

At this point, European citizens can lose their European citizenship by decisions of their states and of the EU. Rousseau's Social Compact, however, calls for all major decisions to be made by all citizens because individually and collectively they are all sovereign (Rousseau 1762). Only those who have a second European citizenship through another country may remain EU citizens. (There are reports that some 200.000 British citizens have applied for Irish citizenship). All 73 U.K. members of the European Parliament will lose their position and their immunity. (This will also change the balance of political forces in that Parliament). Should the British member of the European Court of Justice also lose his position? Banks and other businesses will have to leave Britain and move to Europe. The European students in Britain and British students in Europe will have to pay higher tuition and lose other benefits. European scientific establishments will have losses too. The list of ramifications is enormous.

What can be done?

1. The EU should become a state, most likely a federation with its own Constitution (Guy Verhofstadt, 2017).
2. Based on the theory of people's sovereignty, European states whose citizens all express the wish to join the EU should be accepted. Those nations which are already EU members will automatically remain members.

3. The new Constitution should correspond to states' and citizens' desires. The citizens are sovereign.
4. The Constitution should be liberal and democratic.
5. Laws at all levels --European, member states' and local communities'—should be made through democratic means consistent with the theory of people's sovereignty.
6. There will be, as today, a single market. There will also be a common currency and common economic policies.
7. Citizens' participation should be guaranteed at all levels.
8. Direct democracy should be applied, based on the principle of one citizen- one vote to reach the highest level of democratic development.
9. The citizens should have a broad technological and political education in order to be able to participate meaningfully in government.
10. The cost of the digital revolution, if it happens, will be shared by all EU Institutions, the businesses which benefit, and all citizens.

These are only a few ideas which will have to be further studied (R & D) within the EU. As needed, the EU will have further consultations and agreements with its international partners.

Civitas viri, feminae et liberi sunt, non moenia! (The State is the men, women and children, not the city walls.)

## References

- Brzezinski, Z. (1970). *Between Two Ages. America's Role in the Technetronic Age*. New York. Viking Press.
- Bucle, C. (1930). *Proudhon*. Paris, F. Alcan.
- Cartou, L. (1986). *Les Communautés Européennes*. Paris. Dalloz.
- Charlemagne, (2018). *Europe's trilemma*. London, The Economist, Oct. 27.
- De beauvoir, S. (1949). *The Second Sex*. Paris, F. Alcan.
- De gouges, O. (1791). *Declaration of the Rights of Women and Citizens*. Paris.
- Drum, K. (2018). Tech World. Welcome to the Digital Revolution. Washington: *Foreign Affairs, Vol. 97, No. 4*.
- Duverger, M. (1967). *Democratie sans le peuple*. Paris. Seuil.
- Duverger, M. (1973). *Sociologie de la Politique*. Paris, PUF.

Haas, R. (2019). How world order ends and what comes in its wake? *Foreign Policy*. Washington, DC Vol 98, No 1.

Milovanovic, Z. (2017). *The EU has a future*. In: Department of Philosophy at Sofia University “St. Kliment Ohridski” and Jean Monnet Centre of Excellence, the 4<sup>th</sup> international conference on European Studies ”Rethinking the European Union”. Sofia, University press.

Milovanovic, Z (2018) *Balkans in the EU*. Paper presented at the 13<sup>th</sup> UACS international conference, Skopje.

Rousseau, J. (1762) *Social Contract*. Paris, PUF.

Treaty of the EU, TEU (2007). Lisbon.

European Union (2015) *State of the Innovation Union*. Brussels. At: ISBN 978-92-79 52969-61). Accessed on January 30, 2019.

European Union (2018) *On digitalization transformation*. Retrieved from: [https://ec.europa.eu/growth/industrial-policy/digital\\_transf./en](https://ec.europa.eu/growth/industrial-policy/digital_transf./en) Accessed on February 1, 2019.