



## OVERVIEWS

### SPECIAL SECTION – DEMOCRATISING THE EURO AREA THROUGH A TREATY?

#### A NEW PARLIAMENTARY ASSEMBLY FOR THE EUROZONE: A WRONG ANSWER TO A REAL DEMOCRATIC PROBLEM?

TABLE OF CONTENTS: I. A crucial European debate. – II. The nature of the democratic problems of the European Union and the Eurozone. – III. Five limits of the proposed new Parliamentary Assembly.

I. The book *Pour un traité de démocratisation de l'Europe*<sup>1</sup> by Stéphanie Hennette, Thomas Piketty, Guillaume Sacriste, and Antoine Vauchez has a very important merit. It raises and frames a debate on what probably is “the” problem of European democracy in the recent years. The book correctly places itself at the European level, as it has been published in many European languages (French, Italian, German, Dutch, and Portuguese; not yet in English) and diffused by several first-class publishing houses. In France, the book is well known and the proposal therein has been debated during the 2017 presidential electoral campaign. It was firstly supported by Benoît Hamon and then used, although less explicitly, by Emmanuel Macron. In Italy, the book has been distributed in a bundle with a daily newspaper, *Corriere della Sera*. The distribution in a bundle with such a daily newspaper was a channel that until the last ten to fifteen years ago, i.e. before the internet revolution and the diffusion of social media, was deemed as the best way to reach a high and medium level public, contributing to the formation of public opinion. There is a reason for the book’s success, as it clearly addresses a crucial issue of current political debate and offers a solution.

In my opinion, the first part of the book, which identifies the democratic problems in the Eurozone, is well conceived and should be read widely both within the academic world (possibly stimulating interdisciplinary debates, consistently with the different academic fields covered by the four authors) and amongst the general public. As is remarked below (see *infra*, section II), the democratic problems of the EU and of the Eurozone have been often depicted in the wrong way. An incorrect diagnosis has not avoid-

<sup>1</sup> S. HENNETTE, T. PIKETTY, G. SACRISTE, A. VAUCHEZ, *Pour un traité de démocratisation de l'Europe*, Paris: Seuil, 2017.

ed the production of the negative effects on the features and the dynamics of European and national democracies. This book, instead, proposes a correct diagnosis of the European democratic problems.

The second part of the book proposes a new “Draft Treaty on the democratization of the governance of the Euro area” (T-Dem). This part is less convincing. Although well-presented and carefully drafted, the proposal to establish a new assembly for the Eurozone, composed of four fifth of national members of Parliament (MPs) delegated by national parliaments from the Eurozone and of one fifth of members of the European Parliament (MEPs), presents a series of limits. These limits are highlighted in section III. Nevertheless, the proposal has at least the merit to move the debate to concrete grounds. Thereby avoiding an overly abstract discussion on a question that needs a real solution in the near future.

II. The book begins with a clear and effective analysis of the democratic problems of the Eurozone. The book criticizes the democratic credentials of the Eurozone institutions; the Eurozone governance developed in a dead corner of the political oversight, in a kind of a democratic black hole. Moreover, it poses the right questions: who assesses the decisions taken by the Euro-summit (the body composed of the Heads of State and government of the Eurozone); and who knows what is negotiated within the Eurogroup and its working committees? The book provides a sad, but absolutely correct answer to these questions: neither national parliaments nor the European Parliament. National parliaments, in fact, manage to oversee, in the best of cases, their own Government, while the European Parliament is placed in a marginal position of the Eurozone governance.

According to the book, this institutional setting affects the features and priorities of the economic policies pursued in the Eurozone. In fact, it overestimates the mechanisms aimed at pursuing financial stability and trust of the markets and underestimates issues that are more interesting for most, such as employment, growth, fiscal convergence, social cohesion and solidarity. Finally, the Eurozone governance is not “a Europe like the others”. It is no longer suited to organize a big market, but to coordinate economic policies, harmonise taxation and ensure the convergence of budgetary policies. Thus, it influences and alters the core of the Member States’ social pacts.<sup>2</sup>

Furthermore, there is almost no reference to the expression that is commonly used, in Italy and elsewhere, to identify the democratic problems of the EU and the Eurozone, the so-called “democratic deficit”.<sup>3</sup> This expression and the diagnosis that it entails are

<sup>2</sup> These two paragraphs synthetize, in English, some of the contents of the first chapter of the book (taken from the original French version).

<sup>3</sup> Indeed, the expression “democratic deficit” appears a couple of times in the comments of the T-Dem draft Treaty; with reference to the dismantling of the EU and to the budgetary process.

partial, if not wrong, and have led to some remedies that did not solve the democratic problems of the EU.

“Deficit” means that something is lacking. If we look at the “amount” of democracy in the EU, its institutions and Member States, it would be difficult to affirm, especially when comparing Europe with other parts of the globe, that in Europe, there is not enough democracy or a lack thereof. On the contrary, some could even remark, especially when observing Europe from the outside, that there are even too many elections and democratic moments that matter for the definition of the general political direction of the EU. Thus, that there is a kind of “democratic surplus”, according to a “deliberative-participatory democracy” model, through civil society participation to administrative bodies and policymaking;<sup>4</sup> or at least, more plausibly, a problem in coordinating the many different and coexistent democratic dynamics within the EU.

The fact that the “democratic deficit” diagnosis was partial, if not mistaken, is demonstrated by the deceiving results generally achieved by the main solutions utilized. The process of constant and progressive empowerment of the European Parliament, although important for legitimising the EU legal order and its normative acts, has not been sufficient to get rid of the democratic problems of the EU. This is demonstrated by the constantly declining turnout to the European Parliaments’ election.<sup>5</sup>

The EU democratic problems need to be identified not as a lack of democracy, but as a failure of traditional democratic instruments to work with the EU dynamics. Since the beginning, the European integration process has endangered and hollowed out the mechanisms and procedures of political responsibility and parliamentary accountability at the Member State level. Thanks to the good functioning of these mechanisms, the decisions taken by each national Government were deemed legitimate due to their indirect roots in general will, deriving from the link between the Government and the Parliament. Indeed, the crisis of political responsibility and parliamentary accountability has vital consequences for the democratic legitimacy of the EU, as the foundation of its legitimacy still depends on the “legitimising structures and normative principles” of the post-war constitutional settlement of administrative governance. Consequently, instead of a “democratic deficit”, it is more correct to speak of a “democratic disconnect”.<sup>6</sup>

<sup>4</sup> A. PSYGKAS, *From the Democratic Deficit to a Democratic Surplus: Constructing Administrative Democracy in Europe*, New York: Oxford University Press, 2017, p. 3 *et seq.* (where there are also references to the previous debate about the existence of a “democratic deficit”).

<sup>5</sup> See, for all, O. ROZENBERG, *L’influence du Parlement européen et l’indifférence de ses électeurs: une corrélation fallacieuse?*, in *Politique européenne*, 2009, p. 7 *et seq.* On the insufficiency of the empowerment of the European Parliament, also at the light of Art. 10 TEU, see A. MANZELLA, *The European Parliament and the National Parliaments as a System*, in S. MANGIAMELI (ed.), *The Consequences of the Crisis on European Integration and on the Member States*, Cham: Springer, 2017, p. 47 *et seq.*

<sup>6</sup> See P.L. LINDSETH, *Power and Legitimacy. Reconciling Europe and the Nation-State*, New York: Oxford University Press, 2010, spec. p. 12 *et seq.* (identifying a “disconnect between supranational regulatory power

The mechanisms and procedures of political responsibility and parliamentary accountability face difficulty in adapting to EU dynamics. The EU Executive is “fragmented, as it is composed of the Commission, the Council, the European Council, each national Government, and the European Central Bank”.<sup>7</sup> This means that it is weak, as it requires complex and burdensome procedures to reach an actionable decision, but at the same time powerful, as it is extremely easy for any of its components to escape from political responsibility and parliamentary accountability. The game of “shifting the blame” has become attractive and frequently practiced in the EU. Clearly, it inserts a series of hurdles in the very delicate democratic mechanisms of European democracy.<sup>8</sup>

The EU integration process has significantly altered even the times and the rhythms of parliamentary democracy. As it has been remarked by political scientists, in the EU, there is the “absence of a dominant overarching cycle, comparable to the electoral cycle in national democratic systems”. Simultaneously, the EU institutions are “highly sensitive to influences from the member states, notably the timing of elections in major member states”.<sup>9</sup> Reciprocally, at the Member State level, the traditional rhythms of parliamentary democracy no longer function: “moments of decision-making become irregular and unpredictable, leaving opposition at a significant disadvantage”; “though the rhythms characteristic of representative democracy do not disappear, they are marginalized, disrupted and squeezed, and lack synchrony with one another, leaving political oppositions weak and fragmented”.<sup>10</sup>

Of course, this kind of – qualitative, not quantitative – democratic problem while still bearable for the original aims of the EU and the limited number of policies required to achieve them, has become intolerable when the aims of the European project have expanded. The choice to adopt a common currency, and therefore, a common monetary

on the one hand, and national democratic and constitutional legitimacy on the other”). See also the *Special Book Review Symposium* on this book hosted by *European Constitutional Law Review*, 2012, p. 128 *et seq.*

<sup>7</sup> See D. CURTIN, *Executive Power of the European Union. Law, Practices, and the Living Constitution*, Oxford: Oxford University Press, 2009, spec. p. 28 *et seq.*; D. CURTIN, *Challenging Executive Dominance in European Democracy*, in *Modern Law Review*, 2014, p. 1 *et seq.*; B. CRUM, D. CURTIN, *The Challenge of Making EU Executive Power Accountable*, in S. PIATTONI (ed.), *The European Union: Democratic Principles and Institutional Architectures in Times of Crisis*, Oxford: Oxford University Press, 2015, p. 63 *et seq.* See also European Parliament, Directorate General for Internal Policies, Policy Department C: Citizens’ Rights and Constitutional Affairs, *Democratic Control in the Member States of the European Council and the Euro Zone Summits – Study* by W. Wessels, O. Rozemberg, Brussels: European Union, 2013, and, more specifically on the Eurozone, B. CRUM, *Parliamentary Accountability in Multilevel Governance: What Role for Parliaments in Post-Crisis EU Economic Governance?*, in *Journal of European Public Policy*, 2018, p. 268 *et seq.*

<sup>8</sup> S.B. HOBOLT, J. TILLEY, *Blaming Europe? Responsibility Without Accountability in the European Union*, Oxford: Oxford University Press, 2014.

<sup>9</sup> K. GOETZ, *Political Leadership in the European Union: A Time-Centred View*, in *European Political Science*, 2017, p. 48 *et seq.*

<sup>10</sup> J. WHITE, *Politicizing Europe: The Challenge of Executive Discretion*, in O. CRAMME, S.B. HOBOLT (eds), *Democratic Politics in a European Union Under Stress*, Oxford: Oxford University Press, 2014, p. 87 *et seq.*

policy, and to set up a coordination of fiscal and budgetary policies would have required a steady enhancement of the democratic legitimacy of the decisions taken in this way. Unfortunately, this has not happened and the establishment of the European Monetary Union was accompanied only by further but limited expansions of the powers of the European Parliament.<sup>11</sup> This means that these policies, strategic in the view of every European citizen, are to be determined by the already recalled “fragmented Executive”, through a complex and multi-level procedure called “European semester”, by the same set of institutions originally conceived for building and regulating the internal market. If you then add that only 19 out of 28 EU Member States are fully taking part in this process, it is easy to understand why neither the traditional mechanisms of representative democracy at the national level nor the European Parliament are able to ensure an acceptable level of democratic legitimacy.

If the democratic problem of the EU and the Eurozone does not consist in a lack of democracy, but in a malfunctioning of current democratic institutions, at both the EU and national level, then, the treatment has to be different. It should aim at distinguishing the responsibility for the policies designed and results obtained.

As the economic governance is a rather complex issue, in which many institutions – some more political, others more impartial – are involved, the intermediation between public opinion and executives that is ensured by parliaments is necessary. In this element, there is the allure of the proposal advanced by T-Dem. Setting up a new parliamentary assembly (“Parliamentary Assembly for the Euro area”) called upon to “assume functions of political control” over the economic governance is a clear objective that undoubtedly moves along the right direction: to identify an institutional setting to debate, politically and democratically the big and crucial choices regarding budgetary policies that are so often said to be decided “in Brussels”.

III. The diagnosis offered by the book under analysis is correct. The treatment, broadly speaking, seems to go along the right direction, as it seeks to strengthen parliamentary dynamics within the Eurozone. However, the concrete proposal to establish a new “Parliamentary Assembly for the Eurozone” does not seem acceptable for a series of reasons. A brief recap of the main structural and functional features of the proposed new Assembly according to the envisaged draft treaty is needed before explaining the reasons for the unacceptability of the new Assembly.

Indeed, the authors of the book provide two possible alternative versions of the Assembly, depending on its dimension. It may be guessed that this part has been among the most thought and discussed among the group of authors. On the specific institutional features of this Assembly, in fact, there has been an evolution since the first doc-

<sup>11</sup> C. FASONE, *European Economic Governance and Parliamentary Representation. What Place for the European Parliament?*, in *European Law Journal*, 2014, p. 164 *et seq.*

uments signed by Thomas Piketty. To illustrate, a manifesto published on May 2014 was rather vague on this matter, referring to “a new chamber based on grouping a portion of the members of the national parliaments (e.g. 30 French MPs from the National Assembly, 40 members from the German Bundestag, 30 Italian deputies etc., based on the population of each country, according to a simple principle: one citizen, one vote)”.<sup>12</sup>

The current proposal is definitely more precise regarding the structural features of the new Parliamentary Assembly. According to Art. 4 T-Dem, four fifths of its members would be composed of representatives designated by national parliaments in proportion to the groups existing within each of them and with due regard to political pluralism in accordance with a procedure laid down by each Eurozone State (the parliaments of the other EU Member States could be represented only as observers). The last one fifth of its members are representatives designated by the European Parliament in proportion to the groups within it, with due regard to political pluralism, and in accordance with a procedure laid down by the European Parliament. Therefore, nothing is defined regarding the exact procedure for the appointment of these members. It is, however, correctly established that only the procedure for the designation of the representatives of the European Parliament will be defined at EU level.<sup>13</sup>

In the enlarged version, the Assembly would be composed of 400 members, of which 320 would come from national parliaments and 80 from the European Parliament. In the more restricted version, the Assembly would be composed of 130 members, of which 105 would come from national parliaments and 25 from the European Parliament. The respective percentages of national parliamentarians and MEPs would not change in both versions, as the former would represent 80 per cent of the total, and the latter 20 per cent thereof.

From a functional view, the T-Dem seeks to provide the new Assembly with a wide range of powers aimed at placing it within the main decisions regarding fiscal policies. The effort is original and intriguing, and confirms the already remarked fragmented nature of the EU Executive. Among others, it would be called upon to prepare Euro Summit meetings; determine the working program of the Eurogroup; follow the procedures of the European semester, making recommendations; approve the mechanisms of financial assistance by the European Stability Mechanism; approve the annual report of the European Central Bank (ECB); establish committees of inquiry and hold hearings of the institutional actors of the Eurozone; and vote on the candidates for the Executive Board of the ECB.

<sup>12</sup> See *Our Manifesto for Europe*, in *The Guardian*, 2 May 2014, signed by Thomas Piketty and other 14 intellectuals.

<sup>13</sup> One option could be to specify that the representatives designated by the European Parliament should be elected in an overall European “constituency”. Unless, of course, new mechanisms for electing members of European Parliament will be imagined.

In particular, budgetary powers are under focus. Regarding the expenditures, the power to establish the Eurozone budget would be jointly conferred to the new Assembly and to the Eurogroup (according to a special legislative procedure, even imagining a conciliation committee, and giving the last word to the Assembly). Regarding the incomes, a new-pooled company tax is foreseen, with a tax rate jointly determined by the new Assembly and the Eurogroup (according to an ordinary legislative procedure, with the possibility for each Member State to further raise the tax rate).

If compared with other similar proposals, the new Assembly would get the maximum range of powers that is conceivable. It would not only have advisory and oversight powers, but also substantial legislative and fiscal powers (jointly with the Eurogroup). These powers would make this Assembly a bailout approver and a budgetary sovereign able to raise revenues.<sup>14</sup> However, there are at least five reasons that in my opinion would advise against the adoption of such a proposal.

First, it would clearly bring into question the role played by the European Parliament and the overall EU institutional balance. This is probably the most apparent problem of the proposal to set up any new parliamentary assembly within the boundaries of the EU. In the last three decades, the proposal for a new assembly is supported by France, facing strong opposition directly or indirectly from the European Parliament. It is far from surprising that the European Parliament, as one of the main supporters of the “democratic deficit” diagnosis, is also one of the main opponents of establishing any other supranational parliamentary assembly.<sup>15</sup> The fact that a quota of 20 per cent of the members of the new Assembly would be also members of the European Parliament does not seem to change much, especially as they would represent a minority of the members.

Second, it is uncertain that a new Assembly would be beneficial for national parliaments. This statement sounds a bit more awkward, as such proposals are normally formulated and supported by some national parliaments. The doubt arises from a twofold consideration. Firstly, on the theoretical level, one thing is attributing some powers to each national parliament – or even to a chamber thereof – and another is attributing a “double hat” to a limited number of its members (in many cases, very limited, indeed: in the restricted version, for instance, eight Member States would be represented only by one parliamentarian each). Secondly, on the practical level, the recognition of a double

<sup>14</sup> See I. COOPER, *A Separate Parliament for the Eurozone? Differentiated Representation, Brexit, and the Quandary of Exclusion*, in *Parliamentary Affairs*, 2017, p. 655 *et seq.*, spec. 659. For further comparative analysis, see V. KREILINGER, M. LARHANT, *Does the Eurozone Need a Parliament?*, Berlin: Jacques Delors Institute, 2016 (available also in French and in German at [www.delorsinstitut.de](http://www.delorsinstitut.de)); D. FROMAGE, *European Economic Governance and Parliamentary Involvement: Some Shortcomings of the Article 13 Conference and a Solution*, in *Les Cahiers européens de Sciences Po*, 2016, available at [www.tepsa.eu](http://www.tepsa.eu); D. CURTIN, C. FASONE, *Differentiated Representation: Is a Flexible European Parliament Desirable?*, in B. DE WITTE, A. OTT, E. Vos (eds), *Between Flexibility and Disintegration*, Northampton: Edward Elgar, 2017, p. 118 *et seq.*

<sup>15</sup> D. CURTIN, C. FASONE, *Differentiated Representation*, *cit.*, p. 138 *et seq.*

mandate to a not-so-small number of members of each national parliament (for instance, in the enlarged version of the Assembly, 42 members would come from the Spanish Parliament, that is around 6 per cent of its members) would have a significant impact on the functioning of these parliaments. To quote just one example, it would imply the reservation of time-allotments to allow the actual and regular attendance of the national parliaments' members in the meetings of the Assembly. In other terms, to be effective, this new Assembly would require a series of adaptations on the part of national parliaments to establish procedures to give a mandate to their representatives and to organise their activities in a way that allows them to also be members of another body. This recalls the issues that arose when the members of the European Parliament were also national parliamentarians. Up to a certain extent, this is also what still happens with the memberships of some international assemblies, such as the Parliamentary Assembly of the Council of Europe, which has a lower intensity of meetings than the new Eurozone Assembly.

Third, the structure of the Assembly would hardly be in a condition to solve the democratic problem, as its members would be designated indirectly by national parliaments or by the European Parliament, and so hardly as actual representatives of Eurozone citizens. It is true that almost the totality of them would in some way be elected directly by the citizens (although it is not to be excluded the designation of non-elected members, coming from non-directly-elected Chambers or chosen among the non-elected members of mainly elective Chambers).<sup>16</sup> However, the choice of its representatives would be entirely left to each Parliament. Although, this is not a decisive argument, in my opinion, it is a suitable point to rely on by the populist and anti-EU parties the democratic credentials of the new Assembly.<sup>17</sup> Indeed, it would be rather easy to depict it as a new interparliamentary conference with a more "democratic" name, but far from the citizens' actual interests.

Fourth, the setting up of an Assembly for "Eurozone members only" would inevitably stiffen the rather loose and open borders between the Eurozone and the rest of the EU. Consistent with, but even more clear than a new Treaty signed only by Eurozone States, an Assembly composed only by their representatives would mark a strong difference amongst EU Member States. Although a "Two-Speed Europe" could be a scenario that some politicians and scholars support,<sup>18</sup> it would result in a longer and more difficult process of inclusion of new members in the Eurozone. In synthesis, it would make

<sup>16</sup> Obviously, the first could be the case of members coming from the German Bundesrat; the second, the one of Italian life senators.

<sup>17</sup> A similar criticism was raised against the reform of the Italian Senate. Formulated by the Renzi Government, then rejected by a referendum held in December 2016, as most of its members would have been elected by the Regional Councils within their (elected) members.

<sup>18</sup> Among many, see J.C. PIRIS, *The Future of Europe. Towards a Two-Speed EU?*, Cambridge: Cambridge University Press, 2012, and S. FABBRINI, *Which European Union?: Europe after the Euro Crisis*, Cambridge: Cambridge University Press, 2015.



narrower a process that is kept open by current EU law and more distinct a border which is currently left rather blurred.

Finally, a series of practical issues would arise in the organization of the new Assembly. These issues would relate to its external relations (its relationship with the European Parliament, with each national parliament and with the existing bodies of interparliamentary cooperation)<sup>19</sup> and its internal organization. In particular, the groups within the new Assembly would hopefully be based on political affiliations. However, it is clear that nationality and institutional membership would matter in the design of committees. Even the location of this new body would likely be contested. Nevertheless, it is easy to argue in favour of using the currently underutilized structures of the European Parliament in Strasbourg. If one considers the organizational issues that have arisen regarding the setting up of the new interparliamentary conferences, it is clear that they would multiply in this case. This is because of the difficulty of putting together, in a much more powerful and frequently-meeting body, different kinds of representation, all to be reconciled and called upon to vote in the same assembly.

From what we have observed, it is clear that the democratic problems of the EU and the Eurozone cannot be easily remedied. The fortunes of representative democracy, which are currently facing existential challenges, in Europe and elsewhere, are still inevitably dependent on the traditional format of parliaments. A format that was shaped in the XVIII and XIX centuries and that currently needs to coexist with a different reality under a political and an institutional viewpoint. In this regard, the EU and the Eurozone can be seen as some of the most advanced experiences of this difficulty. The adaptation to this new reality will probably be an extremely long process whose final outcome is hard to predict. Unfortunately, what is certain is that multiply the number of overlapping parliaments will not resolve this challenge.

**Nicola Lupo\***

<sup>19</sup> It can be imagined that this new Assembly would substitute the Art. 13 Conference, but surely not the Conférence des Organes Spécialisés dans les Affaires Communautaires (COSAC) and, most of all, the Speakers' Conference, which is trying to play a coordinating role for the bodies of interparliamentary cooperation. See, with different approaches, C. FASONE, *Ruling the (Dis-)Order of Interparliamentary Cooperation? The EU Speakers' Conference*, in N. LUPO, C. FASONE (eds), *Interparliamentary Cooperation in the composite European Constitution*, Oxford: Hart, 2016, p. 269 *et seq.*, and I. COOPER, *The Emerging Order of Interparliamentary Cooperation in the EU: Functional Specialization, the EU Speakers Conference, and the Parliamentary Dimension of the Council Presidency*, in *EUI Working Paper*, no. 5, 2017.

\* Full Professor of Public Law, LUISS Guido Carli University, Rome, nlupo@luiss.it.

