Overviews
Special Section – Democratising the Euro Area Through a Treaty?

Notes on the “Draft Treaty on the Democratization of the Governance of the Euro Area”

Table of Contents: I. Introduction. – II. Practice and proposals on interparliamentary cooperation following the approval of Art. 13 FC. – III. Criticism on the draft. – IV. Possible alternative solutions under the existing Treaty provisions. – V. Conclusion.

I. The “democratization of the Euro area governance” is an essential objective that has become more and more relevant as a consequence of the “twin” crises – the financial and the migrant crises – that have hit Europe. However, the attainment of this objective is complicated by the variety of views, at the institutional and socio-political level, about the means to be employed.

On the one hand, at the institutional level, there is a strong demand for increasing the “verticalization” of the EU governance, with a view to responding promptly and efficaciously to the pressing urgency of the moment.¹ On the other hand, at socio-political level, precisely this process of concentration of the power entailed by the EU intergovernmental turn, prompted the insurgence of wide protest movements, denouncing the worsening of the existing democratic deficit.²

The problem of democratization eventually happens to coincide with that of a more intense parliamentarization.³ This is also the objective pursued by the Treaty on the democratization of the governance of the Euro area (T-Dem). The solution that the draft Treaty proposes, however, is affected by a methodological shortcoming. It almost com-

pletely ignores the operational tools and procedures that the EU has already put in place to handle the democratic problem as well as the directions provided by the EU officials documents.

These underlying facts and directions can be summed up through the formula of the interparliamentary cooperation between national parliaments and the European Parliament. This solution considers that the “democratisation” of the Union entails primarily filling the existing gap between these two levels of democratic representation (insisting on the same territory, though on a different scale).

This perspective is not immune from criticism, also due to its insufficiency or lack of implementation. However, to disregard or to abandon the perspective of interparliamentary cooperation before putting it at trial, lends itself to some methodological objections and evidences a little dose of realism.

II. There is an element of positive law on which, until now, the proposals for the “democratisation” of the European Union, in its basic and crucial features, have revolved around: the Euro area. Art. 13 of the Fiscal Compact (FC) – completing “the overall architecture of the Euro area governance” (composed, under Art. 12, of the “European summit”, the “Eurogroup” and the European Commission)⁴ – foresees the setting up of a “Conference of representatives of the relevant committees of the European Parliament and representatives of the relevant committees of national Parliaments”⁵.

The organisation of such Conference is to be determined together by the European Parliament and the national Parliaments of the Contracting of the FC.

A further legal basis of this interparliamentary Conference – in its peculiar intertwining between that international Treaty and EU primary law – is to be found in Title II of Protocol no. 1 on the Role of National Parliaments in the European Union.⁶ This legal basis refers, in almost identical terms, to Art. 12 TEU, which determines the mode in which “National Parliaments contribute actively to the good functioning of the Union”.

It is important to stress that Art. 12 TEU is included in Title II: “Provisions on democratic principles”. The four articles within this Title, hinging on four pillars (citizenship, representative democracy, participatory democracy and interparliamentary cooperation), define the essential elements of the Union’s “democratization” process.

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⁴ Fiscal Compact is the denomination currently used to refer to the Treaty on stability, coordination and governance in the Economic and Monetary Union and it is also the name of its Title III.


The interparliamentary cooperation established by this complex set of provisions, meant to lay down a form of control of the governmental function on a supranational scale. Indeed, the need to hold a “regular” interparliamentary cooperation “within the Union” (Art. 9 of Protocol no. 1) has to be interpreted in direct relation to what is stated in the Preamble of the same Protocol no. 1. The reference to the “way in which national parliaments scrutinise their governments in relation to the activities of the Union” must in fact be combined with the meaning of the other clauses of the Protocol and of the Treaties. On the one hand, they tend “enhance their ability to express their views on draft legislative acts of the Union as well as on other matters which may be of particular interest to them” (in the Protocol). On the other hand, the organisation of the interparliamentary Conference is meant “to discuss budgetary policies and other issues covered by this Treaty on stability, coordination and the governance of the economic and monetary Union” (Art. 13 FC).

It can thus be concluded that Art. 13 FC is aimed at the institutionalization of an interparliamentary oversight of the governance of the Euro area: a control “by debates”, that should increase the transparency and the influence in the decision-making processes.

A reference to these objective is made in the so-called “Four Presidents’ Report”, that speaks of “new mechanisms [...] founded [...] on Art. 13 FC, (which) could contribute to the enhancing democratic legitimacy and accountability” (5 December 2012).7

In the subsequent so-called “Five Presidents’ Report” (22 June 2015),8 the reference to Art. 13 FC is implicit in highlighting the “new form of interparliamentary cooperation which materialises in the ‘European parliamentary week’, organised by the European Parliament with the national parliaments, in which the representatives of the national parliaments are involved in-depth discussions on policy priorities”. This sentence appears under the section titled: “A fundamental role for the European Parliament and national parliaments”, that is part of Chapter V, on “Democratic control, legitimacy and democratic strengthening”. The reference to the “European parliamentary week” is due to the fact that, in such context, the interparliamentary Conference, as provided for in Art. 13 FC, meets in the first semester of the year.


Even though declaring itself “not in favour of the creation of joint parliamentary organs with decision-making powers”9 the European Parliament “underlines the im-

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portance of the cooperation between the European Parliament and national parliaments in joint organs like […] the Conference as provided for in Art. 13 FC, according to the principles of consensus, information-sharing and consultation, in order to exercise control over their respective administrations”.

In Resolution no. 2344, adopted on the same date, the European Parliament expressed its hope for “a reform of the Conference provided for in Art. 13, to give it more substance in order to develop a stronger parliamentary and public opinion”. The above sentence is included significantly in the paragraph “Governance, democratic accountability and control”.

Lastly, in Resolution no. 2248 the “further development of the interparliamentary Conference foreseen by Art. 13 FC is called for to allow substantial and timely discussions between the European Parliament and national parliaments where needed”.

Five years after the coming into force of the FC (2013) – and hence at the beginning of the “assessment of the experience with its implementation”, “with the aim of incorporating the substance of this Treaty into the legal framework of the European Union” (Art. 16 FC) – the reference to the concept of interparliamentary cooperation provided for in Art. 13 FC is thus maintained in the official EU documents.

Since then there have been no further developments with a view to reduce the democratic deficit of the Euro area. In particular, the proposals of setting up of a so-called “Euro area parliament”, which circulated for some time, suddenly disappeared from the political debate in the last few months.

By no means, however, the setting up and the first activities of the interparliamentary Conference as provided for in Art. 13 have gone unquestioned.

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10 European Parliament Resolution P8_TA(2017)0050 of 16 February 2017 on budgetary capacity for the euro area (2015/2344(INI)).
11 European Parliament Resolution P8_TA(2017)0048 of 16 February 2017 on possible evolutions of and adjustments to the current institutional set-up of the European Union (2014/2248(INI)).
On the contrary, they met with considerable hurdles that produced water-down compromises. Although the Conference met quite regularly, its output is rather modest, to the point that it is openly regarded as a mere forum for an exchange of views among members of parliaments, European commissioners and experts.

Three elements seem to have prevented this project from developing into a form of advanced interparliamentary cooperation.

First, the on-going conflict between the European Parliament and national parliaments. The new phase of interparliamentary cooperation opened by Art. 12 TEU comes after the phase of the “personal union” between the status of the members of Parliament (MPs) and that of the members of European Parliament (MEPs), dating back to the first European parliamentarianism (1957-1979) and the phase of the silent contrast between (national and European) parliamentary authorities (1979-2012).

Thus, the effectiveness of the interparliamentary cooperation has been fiercely hampered by two apparently contradictory fears: on the one hand, the fear of the European Parliament (and of its bureaucracy) to lose the monopoly of the assessment of the “European interest” in the adoption of the Union’s policies; on the other hand, the fear of national parliaments (and of their administrations) to lose the monopoly of the “democratic” control over the decisions taken “in” college by the respective government (on the basis of the myth that democracy can be effective only within the “exclusive” boundaries of the national States).

Second, the creeping conflict between National parliaments of the Eurozone countries and those of the countries outside the Euro area. For the formers, it is improper that a body designed to deal with the most delicate aspect of national economic policies – and related to the consequences of the European Central Banks (ECB’s) monetary decisions – can include also parliaments of countries outside the Eurozone. For non-Eurozone countries, on the contrary, the uniqueness of the economic policy provisions (Arts 120-126 TFEU), applicable to all the Member States, and their inevitable correlations with the stability conditions of the Eurozone, plead for the inclusion in the Conference of the MPs of these Countries.

Third, a latent conflict within the European Parliament, between the MEPs elected in countries that are members of the Eurozone and those elected in the non-Euro area countries. This conflict involves an extremely sensitive issue such as that of the equal status of the MEPs. Unsurprisingly, the question is handled with great care in the offi-

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cial documents of the Union, that constantly refer to the power of the European Parliament to self-regulate its internal organisation and procedures.\textsuperscript{18}

The cumulative effect of these three conflicts inevitably affected the composition, the procedural arrangements and the functions of the Conference set up by Art. 13 FC.\textsuperscript{19}

The underlying duality in the nature and role of the Conference also emerges from the Rules of Procedure. After proclaiming in Art. 2, para. 1, from a the tutorist perspective, that the Conference constitutes a simple “core reference framework for the discussion and exchange of information and best practices for the implementation” of the FC, the same provision goes on to identify as the final objective of the Conference, “to contribute to and ensure democratic accountability in economic governance and budgetary policies of the Union, especially the economic and monetary Union”.

In the first semester of the year, the Conference takes place within the so-called “European Parliamentary Week”, held in Brussels. In the second semester, the Conference is held in the Member State holding the Council rotating presidency. In Brussels the Conference is co-chaired by the European Parliament and the parliament of the State holding the Council presidency. In the second semester, the presidency of the Conference is exclusively ensured by that national parliament. “Non-binding conclusions” are foreseen as a possible result of the meetings (Art. 6, para. 1). With regard to the modus operandi, the Conference functions on the basis of “consensus” (Art. 3, para. 7), that is now consistently used within the organs of interparliamentary cooperation. Indeed, “consensus” stands in between majority rule and unanimity, so that possible reservations expressed during the debate are not then voiced when the decision is taken.

\textsuperscript{18} See the Five Presidents' Report, p. 17: “the European Parliament should organise itself to assume its role in matters pertaining especially to the Euro area”. Speaking of its own interna corporis, the above mentioned Resolution no. 2344 is more explicit under Chapter III, titled “Governance, democratic accountability and control”: “The European Parliament should review its rules and organisation to ensure the full democratic accountability of the fiscal capacity to MEPs from participating Member States”. See nevertheless also the European Commission, Reflection Paper on Deepening the Economic and Monetary Union, 31 May 2017: “some argue that mechanisms should be set up to allow the Member States of the Euro area to take decisions among themselves […] in the European Parliament”.

\textsuperscript{19} These underlying tensions are mirrored in the Conference's Rules of Procedure approved in November 2015 (that is, almost three years after the entry into force of the FC). These Rules of Procedure (Art. 4) extend the composition of the Conference – in contrast with Art. 13 FC, which reserves it to the “contracting parties” – as to let the parliamentary delegations of the two States that did not sign the FC participate in it (Czech Republic and United Kingdom): MPs from the UK Parliament continue to be represented even after the Brexit announcement (cf. the Tallinn meeting, 30-31 October 2017). Furthermore, with a questionable provision departing from the previous experience and practice of interparliamentary conferences (and, in the first place, from the Conférence des Organes Spécialisés dans les Affaires Communautaires (COSAC), provided for in Art. 10 of the above Protocol no. 1) - the size of the delegations is decided by each national parliament. What is more – in the perspective of a prospective reform of Conference “with flexible formations”, the Rules of Procedure entrust each national parliament to determine which “relevant” parliamentary committees are to be represented in the Conference (“relevance” which, in the context of Art. 13 FC, instead seems to be anchored to economic/financial matters).
III. The draft Treaty seems to overlook the terms of this long debate on the “democratization” of the Euro area, whose starting point is to be traced back to Art. 13 FC and to the first (uneven) implementation of the Conference. While not entirely ignoring it, the draft labels this provision as “insufficient”\(^\text{20}\) and the attributions of the Conference as a “modest consultative opinion”.\(^\text{21}\) Although this assessment may sound correct by itself, it does not grasp the legal potential inherent in the interparliamentary Conference that has acted in a highly tensed context such as the Euro area and that is still in operation. Instead of exploiting these potentialities, the authors of the draft propose the establishment of a brand-new parliamentary institution by an international Treaty, with a second degree “political composition” (varying from 130 to 400 members appointed by national parliaments and the European Parliament).

Such proposal raises a number of concerns.

a) At the outset it should be noted that gradualism has been constantly considered as part of the European integration political philosophy. In turn, the search for gradualism has taken the shape of a “constitutional convention”.\(^\text{22}\) Nothing prevents the Member States (MS) from taking a different road, but only in the presence of a clear political will, unanimously supported by the MS. Furthermore, from a legal policy perspective, the use of international law as a tool for promoting “democratization” of the EU is likely to create backlashes and to weaken the degree of democratic legitimation so laboriously achieved – with the direct election of the European Parliament, the experience of the Spitzenkandidaten, and the various instruments of parliamentary oversight.

b) The precedents in which the MS used international instruments instead of amending the founding Treaties, show that, in order to work properly, these extra ordinem tools must be somehow connected to the constitutional structure of the Union. Such connection emerges from the FC, stipulated for the well-known difficulties to achieve unanimous consent amongst the Member States, and whose obligations largely coincide with measures already taken at the EU level. It also emerges from the Treaty on the European Stability Mechanism, invoked as a precedent by the drafters of the T-Dem, which, in reality had been devised as an implementing measure of Art. 136 TEU.\(^\text{23}\)

The drafters of the T-Dem chose to go along a different road. The only “constitutional” reference in that text is Protocol no. 14 on the Eurogroup which, according to the need for a “strengthened dialogue” among the States of the Euro area, foresees the “informal” Eurogroup.


\(^{21}\) Ibid., p. 52.


\(^{23}\) Subsequently amended through the simplified revision procedure, under Art. 48, para. 6, TEU, 25 March 2011.
Such a quick reference does not appear capable to establish a link with the Constitutional acquis of the Union and seems to significantly attenuate the very idea of a “democratic pact” as the focal point of the T-Dem. The reasons for claiming that the T-Dem lacks a solid constitutional anchoring in the EU Treaties are the following. First, it assumes that an “external” measure, of an international nature, can introduce the “value of democracy” into the Eurozone, as a “new centre of European power”: a value that, however, intrinsically permeates the entire legal system of the Union from Art. 2 to the Democratic Principles of Title II of the TEU. Second, it presumes that an international treaty, and the new institutions it should set up, is capable to bestow upon national parliaments a democratic legitimacy that, at the internal EU level, relies on the “European clauses” contained in the respective national constitutions. By the same token, the “democratic urgency”, mentioned by the proponents as the inspiring factor for the draft, is unfortunately not limited to the Eurozone. It also concerns other, and arguably more vital, areas of the process of integration. The recent activation of the procedure provided for in Art. 7 TEU for the serious violation of the founding values of the Union, shows that the democratic question is a problem of a general nature and far too important for the very survival of the Union to be resolved una tantum with extraordinary procedures. In any case, an urgency procedure is irreconcilable, according to general principles of the rule of law, with the creation of a new institutional setting.

c) The establishment by an international Treaty of a Eurozone parliamentary Assembly would create an irreversible gap between the countries of the two monetary areas. The problem of the control and democratic accountability of the Euro area can be hardly solved with procedures and institutions having a divisive effect within the overall structure of the Union. The contention, in Art. 3, para. 4, TEU, that the Euro is, aspirationally at least, the currency of the whole economic and monetary Union (and not only of the Eurozone) is a principle that should guide every institutional solution, even in a deeply divided Union.

Interparliamentary cooperation is undoubtedly the way to the “democratization” of the Euro area. It must therefore be gone along both to check the MS economic and fiscal policies and to “accommodate” the social policies of the MS with the economic and monetary restraints deriving from EU law. In the constitutional architecture of the Union, featured by close interdependence and inclusiveness (reference must go to the presidency of the Euro Summit, entrusted for long time to a non-Euro area representative) that

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24 S. HENNETTE, T. PIJETTY, G. SACRISTE, A. VAUCHEZ, Pour un traité de démocratisation de l’Europe, cit., p. 61.
roadmap must be closely interconnected with the general direction of the integration process. Relatedly, also national parliaments, which “contribute to the good functioning of the Union” (Art. 12 TEU), step in as components of the enlarged “institutional framework”.

d) A final critical remarks regards the “assemblaristic” nature of the functions provided for in Art. 7. This provision assigns to the Assembly both the preparation of the “meetings of the Euro Summit” and the drawing up of the “six-monthly work programme of the Eurogroup”. It therefore conflates the role of governmental institutions and that of bodies discharging control and oversight functions, and are likely to create confusion if not a paralysis in the governance of the Euro area. Indeed, the Parliamentary Assembly is deemed to play at the same time the scrutiny and oversight function on the Eurogroup and the Euro Summit and to have the final say in the event of disagreement with the Eurogroup on legislation and on the budget for the Euro area: in other words, it plays at the same time the role of final decision-maker and of controller. Its powers to ultimately disregard the will of the Eurogroup can trigger a problematic clash between the Parliamentary Assembly and the governments of MS.

The risk of such ambiguous implications is further increased by the lack of clarifications regarding the future relationship of the prospective parliamentary assembly with the European Parliament. The “close cooperation” to which Art. 3, para. 2, and Art. 11 refer, is a very generic formula as it is that of the previous transmission of legislative proposals to the European Parliament “for an opinion”.

IV. The draft T-Dem constitutes, assuredly, a useful exercise if its various proposals were framed in the context of a correct, complete and consistent implementation of Art. 13 FC in its full potential. To achieve this purpose, a contribution could come from a reform of the Rules of Procedure of the European Parliament and of the Council of Ministers. First, the European Parliament’s Rules should resolve the problem of the status of MEPs elected in different monetary areas, according to the basic principle of substantive equality among its members and to its corollary of the unsustainability of equal rights for unequal national status.

Second, after the incorporation of Art. 13 FC into the Union’s legal order, the Rules of Procedure of the EP could “decentralize” in the hands of the interparliamentary Conference many of the new competences established by the draft treaty for the Parliamentary Assembly; in particular the power, either expressed or implied, to control over the governance of the Euro area.

27 Apart the surprising inclusion of the Court of Justice among the institutions of governance (see section 2 of the Preamble of the cited draft T-Dem, see supra, section I).

From a technical and legal viewpoint, the “decentralization” of legislative powers to the interparliamentary Conference is more problematic. Nonetheless – once the Eurogroup (Protocol no. 14) has been transformed into a “formal” configuration of the Council – it would be possible to devise a mechanism analogous to the one devised, at constitutional level (even if not yet implemented), in the Italian legal system to regulate the relations between national parliament and regions (Art. 11, *legge costituzionale of 18 October 2001 no. 3)*. In this system the interparliamentary Conference would be considered as an autonomous body, although procedurally linked to the European Parliament – like a special committee, empowered to draft legislative proposals pertaining to the regulation of the Euro area in case of favourable examination or of procedural aggravation in the event of reservations. Moreover the Conference should have a flexible composition dependent on the subject-matter under examination.

This approach is in accordance with the principle of gradualism featuring the process of European integration and with the on-going reflection on the further developments on the nature and role of the interparliamentary Conference established by Art. 13 FC. It may trigger a desirable leap forward towards the “democratization” of the Euro area with the full involvement of national parliaments, that constitutes one of the major goal of the T-Dem project.

V. In conclusion, there is certainly a black hole in the net of the elective assemblies that ensure political representation in Europe, from the municipalities to the EU itself. This gap is not only perceived when looking at the implementation of EU norms already in force in the EU legal system. It is likewise detected in the actual deployment of the European parliamentary practice. The malaise of the European citizen – who feels the European Parliament as an alien and far away from his own interests – is perfectly equivalent to the discomfort of the MEPs. Indeed, after the election day MEPs lose their contacts with their voters and constituency: it is extremely difficult to combine diverging interests together as to shape the “European public interest”.

To create a new parallel EU institution next to the European Parliament would make things more complicated rather than filling this gap. By contrast, to work for strengthening the already existent representative network may help build a better solution.

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29 As observed by G.L. Tosato, *Note critiche sul “Progetto Piketty”*, in *RIDIAM*, 5 June 2017, www.ridiam.it, who also highlights the problems with the compatibility between the T-Dem and EU law.