



## OVERVIEWS

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

### THE T-DEM AS A REALISTIC UTOPIA: WHY IT FITS WITH WHAT WE KNOW ABOUT PARLIAMENTS

TABLE OF CONTENTS: I. Introduction. – II. An Assembly fitted with the multifunctional nature of legislatures. – III. An insurance against free-riding. – IV. A fair share for the European Parliament. – V. The devil is in the details. – VI. Conclusions.

I. The fact that the draft Treaty on the Democratisation of the Governance of the Euro Area (T-Dem) is a utopia will not be discussed in what follows. The project faces the opposition of both Germany and the majority of the European Parliament (EP), two of the most powerful players at the EU level. The fact that President Macron ceased to call for creating an Assembly for the Eurozone between his election in June 2017 and his Europe speech in La Sorbonne in September 2017 is indicative of the difficulty to implement such an idea. It seems therefore better to consider whether the T-Dem is a “realistic utopia” to follow Rawls’s expression. If the Treaty were implemented tomorrow, would it succeed in facing contemporary challenges? I shall answer this question by taking into account the parliamentary politics perspective. Are the provisions of the T-Dem consistent with what we know about parliaments and parliamentarians? I believe it does for four reasons that I develop hereafter. In other words, the features which make a parliament functional are present in this project – be it regarding legislatures and MPs in general, as it will be developed in the first two points, or regarding more specifically interparliamentary cooperation as addressed by the last two points. In that sense, the scope of this paper is modest. It does not question whether a Euro area parliament would democratize the EU or whether such democratization could threaten the functioning of the EMU. The scope of this *Overview* is focused more on the parliamentary dimension itself: does it make sense to give responsibility to an *ad hoc* transnational Assembly for economic issues? Which kind of parliamentary involvement should be expected? And, more precisely, which interparliamentary cooperation between representatives from national legislatures and the EP should be designed in the light of past (failed) experiences?

II. First, the T-Dem gives many explicit – but also implicit – roles to the Parliamentary Assembly of the Euro area (PAE). Not all the explicit roles will be mentioned again here, as they are numerous. Implicitly, the political functions given to the PAE are also diverse. Four elements may be distinguished. (1) Officially, the main point of the Assembly is to democratise economic decisions through public debates and votes by different kinds of elected representatives. This is a consensual aim – which explains why it has been highlighted so much. (2) Another purpose of the PAE can be identified through the proposal to form it from 80 per cent of members of national parliaments (MNPs) and only 20 per cent of members of the European Parliament (MEPs). This clearly translates the concerns to grant popular legitimacy to EU economic decisions in a context of rising populism. (3) One of the aims of the T-Dem is also to create a budgetary capacity for the Economic and Monetary Union. Taking the opposite view to the classical motto “no taxation without representation”, we could summarize their bet by “no representation without taxation”. There is indeed in the T-Dem the claim that an official Assembly could, through its mere existence, induce Member States to devote further financial resources to an EU budget. (4) Some provisions of the text as well as past public commitments of the proponents also make clear that a major aim of the T-Dem is to settle a new balance of power at the EU level that could give more credit to anti-austerity supporters.

I will not comment on whether or not a common budget or Keynesian policies are needed, or even on whether such Assembly could help to that end. Instead, I would like to make the point that the multifunctional ambition of the PAE is generally coherent with the multifunctional nature of legislatures. This is one of the main characteristics of parliaments, and even of human gathering: the unicity of the place where people meet contrasts with the diversity of what they do. There is one parliamentary place but several functions. Walter Bagehot famously made this point during the XIX<sup>th</sup> century when he listed the functions filled by Westminster – showing that legislation was only one political dimension among others, like public communication or elite selection.<sup>1</sup> Therefore, the multiplicity of the activities and roles of the PAE – and even the ambiguity of its political finalities – perfectly fit with such a multifunctional nature. It can also be added that a legislature is influential through a great variety of means:<sup>2</sup> legislative proposals, legislative amendments but also public controversies, expert scrutiny as well as the anticipatory effects of the legislators’ formal decisions. In that sense, the numerous provisions of the T-Dem mirror such diversity of instruments and political effects.

III. The second point relates to the motivations of politicians – a classical issue dating back to, at least, Bentham. Modern political systems tend to select and judge politicians

<sup>1</sup> W. BAGEHOT, *The English Constitution*, Oxford: Oxford University Press, 1963, p. 1867.

<sup>2</sup> M. RUSSEL, D. GOVER, *Legislation at Westminster. Parliamentary Actors and Influence in the Making of British Law*, Oxford: Oxford University Press, 2017.

according to their acts rather than general moral qualities. Consequently, Members of Parliament (MPs) productiveness can be challenged through artificial means, playing with what they seek to maximize. In European affairs, the question of motivation is not theoretical as some legislatures find difficulties to genuinely involve their members in the scrutiny of EU draft legislation.<sup>3</sup> This is even more relevant for interparliamentary business.<sup>4</sup> Among the many possibilities to motivate MPs to attend and work, a central and intercultural incentive is to give them significant matters to decide. The sense that there are decisions to take and that the game is not played in advance constitutes indeed a strong incentive for action. Therefore, it is essential that the PAE would not be a mere *talking shop* but instead granted with important cyclical (budget) and not cyclical (bailout plans) matters to decide on. By contrast, the European Semester procedure finds difficulty in attracting attention within National Parliaments (NPs), given the (usual) limited possibility for MPs to influence the decisions taken.<sup>5</sup> Similarly, the early warning mechanism introduced by the Lisbon Treaty hardly ever motivated MPs due to limited formal rights once the threshold has been reached.<sup>6</sup>

Likewise, the unusual nature of the PAE in terms of party composition, and therefore of party discipline, could make its decisions more challenging for its members. During the first years, the outcome of collective decisions will likely be difficult to anticipate. Some members will vote according to party lines and others will follow their government's instructions. Some will stick to national interests, others to what they think the European interest is. In such a complex setting, members of the PAE who are active, respected and credited with expertise could gain some influence and weight on the final outcome. This is a strong insurance against free riders.

The two last points are more practical and have to do with the composition of the Assembly.

IV. Third, the share of MEPs foreseen for composing the PAE correctly reflects the need for embedding some of them – but only to a limited extent. MEPs are needed in such a setting for many reasons: their level of expertise, their full-time involvement in EU affairs,

<sup>3</sup> O. ROZENBERG, *Les députés français et l'Europe. Tristes hémicycles ?*, Paris: Presses de Sciences Po, 2018.

<sup>4</sup> N. LUPO, C. FASONE (eds), *Interparliamentary Cooperation in the Composite European Constitution*, Oxford: Hart Publishing, 2016.

<sup>5</sup> 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.*; M. HALLERBERG, M. BENEDICTA MARZINOTTO, G.B. WOLFF, *Explaining the Evolving Role of National Parliaments under the European Semester*, in *Journal of European Public Policy*, 2018, p. 250 *et seq.*; V. KREILINGER, *National Parliaments, Surveillance Mechanisms and Ownership in the Euro Area*, in *Jacques Delors Institut Studies and Report*, March 2016.

<sup>6</sup> European Parliament, Directorate-General for Internal Policies, Policy Department C: Citizens' Rights and Constitutional Affairs, *The Role of National Parliaments in the EU after Lisbon: Potentialities and Challenges* – Study by O. Rozemberg, Brussels: European Union, 2017.

their professional skills in consensus seeking, their monopoly over the European Commission' censure... Yet, it is good that they do not monopolise the composition of the Assembly and even that they are in minority. The experience of the last two decades has shown indeed that the EP was unable to provide genuine popular legitimacy to the EU despite the greater share of legislative power given to it from Maastricht to Lisbon.<sup>7</sup> Contrary to conventional wisdoms, the lack of legitimacy of the EP does not originate from popular participation to European elections – in fact, voter turnout is rather stable once the effect of the enlargement of the EU is put aside. More simply, it derives from the mechanical remoteness of the institution: as a mean, there is one MEP for 533,000 inhabitants in Europe, versus one for 110,000 in the most populated Member States of the EU. Such a distant electoral link makes it difficult for the EP to mediate between voters and decision makers. In addition, the consensual and informal ways of doing politics at the EP do not help to develop a politicised public debate capable of interesting ordinary citizens.<sup>8</sup>

Most of the NPs are not more trusted than the EP – although there is, as a mean, 25 points more of electoral participation for national parliamentary elections. However, they have a more important position in public debates than the EP. For instance, almost all NP's organise committee or floor debates before European Councils that constitute key moments in the accountability process for the Heads of government's European policy.<sup>9</sup> Most of the top and visible politicians of each Member State belong to their national parliament. Whether it will be them who participate to the PAE or MPs with a more specialised profile, the activity of PAE will benefit from the proximity of those major political figures from all important political parties – including Eurosceptic ones that tend to be put aside within the EP.<sup>10</sup>

V. Fourth, the level of detail of the provision mentioning the share of MNPs and MEPs is commendable. A text mentioning vaguely the need for NPs and the EP to cooperate without further details would run the risk of experiencing the hopeless story of the interparliamentary conference foreseen by the fiscal pact.<sup>11</sup> It is known that the Art. 13 was obtained through the lobbying of some MNPs on national governments when the

<sup>7</sup> O. ROZENBERG, *L'influence du Parlement européen et l'indifférence de ses électeurs : une corrélation fallacieuse ?*, in *Politique européenne*, 2009, p. 7 *et seq.*

<sup>8</sup> S. BENDJABALLAH, *Des illusions perdues? Du compromis au consensus au Parlement européen et à la Chambre des représentants américaines*, Brussels: Éditions de l'Université de Bruxelles, 2016.

<sup>9</sup> 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. Rozenberg, Brussels: European Union, 2013.

<sup>10</sup> N. BRACK, *Opposing Europe in the European Parliament. Rebels and Radicals in the Chamber*, Basingstoke: Palgrave, 2018.

<sup>11</sup> V. KREILINGER, *Inter-Parliamentary Cooperation and Its Challenges: The case of Economic and Financial Governance*, in F. FABBRINI, E. HIRSCH BALLIN, H. SOMSEN (eds), *What Form of Government for the EU and the Eurozone?*, Oxford: Hart Publishing, 2015, p. 271 *et seq.*

pact was discussed but that, once it was implemented, the EP adopted a rather non-cooperative attitude. MNPs turned out to be less influential at that stage given their divided feature that contrasted with the capacity of MEPs to fight collectively for their institutional interest. The conclusion to be drawn from that example is that any interparliamentary forum not designed in detail by constitutive rules will fail to be a genuine decision-making body.

VI. To conclude, it can be said based on the four points developed that the idea to give an active and new Assembly to the Euro area as proposed by the T-Dem appears to be relevant in the light of past surveys and cases related to legislatures in general, and the European activities of NPs and the EP. Yet, following the same line of reasoning, it should be added that the proposal makes sense only if the main features of parliamentary matrix are followed in the building and the functioning of the PAE. Three important elements can be distinguished in that perspective: pluralism, transparency and permanence.<sup>12</sup> The *pluralism* of the Assembly should be sought not only at the global level but also regarding each national delegation – as the main justification for involving MNPs is providing debates at the domestic level. Therefore, the proposal that there could be just one representative by Member State is unacceptable to me.<sup>13</sup> It could even be envisaged that at least one representative belonging to the main opposition party should form the national parliamentary delegation to the PAE. *Transparency* of the debates and votes is also an obvious necessity of such parliamentary setting that must be highlighted in the text in order to contrast the PAE with the secrecy of the Euro area summits and Eurogroup meetings. *Permanency* means that an Assembly should meet with a minimal frequency in order to establish a sense of community among its members. The socialisation of the members as well as the credibility of their collective decisions depend on the fact that they know each other and have developed habits to talk and work together. Consequentially, a Treaty could mention a minimal number of regular sessions by year.

Under those conditions, the T-Dem appears indeed to be a realistic utopia – although it remains to be said that it is still, or just, (the reader will pick) a utopia.

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<sup>12</sup> K. PALONEN, *The Politics of Parliamentary Procedure*, Olpaden: Barbara Budrich Publishers, 2014.

<sup>13</sup> Art. 4, para. 2, T-Dem "Each national Parliament sends at least one representative".

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