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Europe: responding to the double challenge of executive and democratic deficit

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The reform of the European political system and of the euro zone a minima supposes the prior clarification of the goals that are to be reached: is it a question of “simply” reforming the present institutional system whilst retaining the community rationale on which the Union’s institutions are based – i.e. according to a rationale of a balance of interests and not of power? Or is it a question of going further and of transforming the European political system into one that is truly parliamentary, with a government that is accountable to parliament, or even into a presidential system, with its corollary, the introduction of an effective regime of separation of powers? Although Europeans are convened periodically to express their opinion within the context of a national political competition they are largely deprived of any real possibility of political alternation at supranational level. Their influence over the functioning of community action is relatively weak in spite of the European elections. The reform of the Union must therefore involve a redistribution of powers and lead to an institutional structure that can address two challenges: the creation of clearer, more legitimate and more accountable political leadership; and the strengthening of democratic legitimacy of European decisions by national parliaments and the European Parliament so that Europeans can embrace, both politically and democratically, the issues that they have in common.

1. This text takes up and develops the ideas in “Euro zone, legitimacy and democracy: how do we solve the question of European democracy?” European Issue No387 Robert Schuman Foundation, April 2016. The author expresses his own opinion.

2. Report presented at the European Council of 29th June 2012 by Herman Van Rompuy, Jose Manuel Barroso, Mario Draghi and Jean-Claude Juncker

« Vers une véritable Union économique et monétaire » http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/fr/ec/131278.pdf

3. https://ec.europa.eu/priorities/sites/beta-political/files/5-presidents-report_fr.pdf

4. “White Paper on the future of Europe: ideas and scenario for EU27 by 2025”, European Commission, 1st March 2017 - https://europa.eu/european-union/sites/europaeu/files/whitepaper_fr.pdf

5. Concept document on the deepening of the Economic and Monetary Union, European Commission, 31st May 2017 https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-emu_fr.pdf

Since the start of the euro zone crisis priority has been given to strengthening the economic governance of the Economic and Monetary Union (EMU) which was understandable in the beginning. Yet, at the same time problems involving democratic legitimacy have not been taken into consideration in the same manner[1].

In 2012, an initial report presented by Herman Van Rompuy on the reform of the euro zone made the issue of democratic accountability one the four structuring features of the strategic roadmap that has been accepted by the 28 Heads of State and government[2]. It is significant that although major progress has been achieved in terms of financial solidarity, enhanced monitoring of national budgets and the introduction of Banking Union, the democratic question has become secondary and has been neglected in the initiatives that have been taken to date.

In 2015 the report “Completing Economic and Monetary Union”, (the so-called “5 Presidents’ Report” presented at the European Council of

June 2015[3] by Jean-Claude Juncker, President of the European Commission and prepared in close cooperation with the Presidents of the European Council, the European Central Bank, the European Parliament and of the Eurogroup, falls neatly in line with the previous report and defines two phases of reform: the first between July 2015 and June 2017 providing a certain number of immediate measures; the second aims to complete the structure of the euro zone by 2025. This idea was developed as part of the White Paper on the future of Europe that was published by the European Commission in March 2017[4] along with a concept paper on the deepening of the Economy and Monetary Union[5].

Although thought and recommendations aiming to settle problems of legitimacy and the political leadership of the EMU’s institutional governance have been pushed into the background, due to a lack of political will on the part of the Member States over the last few years, a window of opportunity now seems to be opening up. Indeed immediately after his election as President of the French Republic, Emmanuel Macron said that he wanted to reform

the euro zone; moreover, by explicitly supporting this Angela Merkel also showed in June 2017 that she was open to discuss the ways to achieve greater economic integration. In addition to this the President of the Commission, Jean-Claude Juncker recalled that the Commission would like to develop "a stronger economic and monetary Union"[6].

With this in mind the following discussion aims to provide some elements about the context and an analysis of the limits of the Union's political system, which not only typifies the euro zone, but also that of the European Union in terms of democratic and executive deficit faced by the EMU (1); making recommendations to help solve the double deficit of political leadership and democratic legitimacy that is affecting the euro zone and more widely, the Union (2).

1. BACKGROUND

1.1 The limits of the Union's political system

In answer to the crisis, in recovering their sovereignty in the face of the markets, and therefore being able to their ability to decide over their future, the States of Europe, notably those in the euro zone have tried to consolidate EMU with emergency measures, but without changing its political nature.

Financial solidarity instruments have been introduced with the European Stability Mechanism and the Bank Resolution Fund. Stricter common rules have been adopted in an attempt to avoid the accumulation of fiscal, macro-economic and financial imbalances that were responsible for the crisis. The ECB has especially played a decisive role with its monetary policy and its acquisition of new bank supervisory competences.

But, at the same time the euro zone has made very little progress from a political point of view. It was all too obvious that decisions could only be taken at national or European level in case of emergency. However this constraint has had a significant cost, both economically and politically, since it has reduced the area of political choice.

The emergency aside, the capacity to take decisions seems extremely reduced: repeated, conflictual, protracted negotiations have highlighted the limits of the intergovernmental model[7], in which diplomacy prevails over democracy. To be more precise, each Member State privileges its national democratic legitimacy and European democratic legitimacy has been unable to settle conflicts between national democratic mandates, the sum of which does not produce a European democratic mandate. The result of this is increasing frustration that is fuelling Euroscepticism. And in this vicious circle, this frustration makes political union, which would lead to conditions for more legitimate integration, even more difficult to achieve.

Moreover, the management of repeated crises has shown that diplomatic negotiating time is too slow and a source of high anxiety. The outcome of these negotiations is always uncertain and decision making lacks transparency, which allows each to blame the other for the result. Lastly, this system leads to the feeling that there has been a game of "bluff" or "Russian roulette". This has nothing to do with the system of constitutional democracy which plans for and provides the necessary decision making instruments in a context of diverging political preferences: the majority votes together with constitutional rules that protect the minority.

1.2 Gauging the democratic issue

Long term the status quo does not seem sustainable and this might endanger European integration if awareness is not acquired at the highest level of the need to strengthen democratic legitimacy at euro zone level and more widely at European Union level as a whole. It is in this sense that Emmanuel Macron spoke in Athens: "How can we not see that the defeat of Europe after all of these years is also a defeat for democracy? (...). Europe can no longer move forward separately from the people (...) in the same way we have to be brave enough to return to the path of sovereignty and we have to have another type of courage to recover the path to democracy[8]."

6. Jean-Claude Juncker, President of the European Commission, Speech on the State of the Union 2017, Strasbourg, 13 September 2017 http://europa.eu/rapid/press-release_SPEECH-17-3165_en.htm?locale=EN

7. Cf. B. Coeuré, a member of the ECB Board : the reason for being of the "intergovernmental approach" is of course to enable each State to be subscribe to the common decisions. But experience shows that it does not guarantee their acceptance at national level. Moreover it does not prevent a polarisation of the debate at European level and the temptation towards national posturing.", "Drawing the lessons from the Euro zone crisis," a speech delivered at the French Ministry for Foreign Affairs, Paris, 27th August 2015. And "The Future of the Euro zone" speech delivered to Europarténaires Paris 21st March 2016.

8. Speech by the President of the French Republic, Emmanuel Macron, at the Pnyx, Athens, 7th September 2017 <http://www.elysee.fr/declarations/article/discours-du-president-de-la-republique-emmanuel-macron-a-la-pnyx-athenes-le-jeudi-7-septembre-2017>

For the euro zone to do more than just “survive” and for it to prosper European sovereignty has to be shared within common institutions that are founded on sufficiently strong mechanisms of political legitimacy and accountability. Although this goal now seems clear the approach that dominates in the European institutions, as well as in the Member States, rests on a certain number of presuppositions and raises certain questions:

- Firstly, thought about the reforms to be implemented at European level are most often restricted to the framework of the euro zone. But limiting reform to the euro zone alone (which raises a whole series of problems) should not be a precondition but a potential “plan B”. The issue of democratic legitimacy is one faced by the European Union as a whole and not just the euro zone.[9]

The starting point should always be a sincere attempt to move along as 27; if this leads to an insurmountable deadlock, then an attempt should be made to implement the measure in question within the widest possible group of Member States; from this point of view the euro zone is one possibility amongst others. This is how the Union moved forward on the Stability, Coordination and Governance Treaty, to cover 25 States out of 27. An automatic withdrawal to the euro zone would lead to additional tension and frustration within the Union[10].

- Following this, it is striking that the issue of democratic legitimacy is reduced to that of accountability, which is indeed one of the vital but not a satisfactory component. This would mean an excessive reduction of legitimacy down just to accountability.

Democracy is basically founded on three fundamental requirements; the democratic definition of political goals; the democratic selection of accountable leaders before the entire European body politic; the exercise of democratic control over the decisions taken to assess whether goals have been achieved or not. From this standpoint the democratic political system supposes at least two criteria: competition and alternation; what the Union lacks, from a civic point view, lies in the absence of European political alternation, equal to that

in the Member States and also in the Federations.

Citizens’ representatives within the Union’s political institutions do of course enjoy direct or indirect democratic legitimacy: the heads of State and government, who meet in the European Council are appointed after democratic processes; this also applies to the ministers who sit within the Council, as well as the members of the European Commission, appointed by the governments after a democratic process, and who are also invested by the MPs of the European Parliament, elected by direct universal suffrage. However, the representatives of the Member States in the Council owe their presence to the fact that they belong to a government supported by a parliamentary majority: but this parliamentary majority is rarely established following a campaign focused on European issues; and the Council cannot really undergo total alternation, since these members are renewed according to national elections and under a discontinuous and unsynchronized pace.

Only elections appointing MEPs enable the establishment of a direct link between citizens and those holding power at community level; but the fact that MEPs are elected according to a proportional vote and on largely national bases prevents most of the time the formation of a clear majority within the hemicycle in Strasbourg.

Of course the appointment of a Spitzenkandidat leads to a strengthening of the political link between the European elections result and the choice of the President of the Commission. However this system is not adequate: firstly because “parliamentarist” and “diplomatic” rationale interfere in this in a confused fashion[11]; then, because Commissioners are chosen by the national governments, this leads to an intergovernmental Commission in which the Commissioners are also the voice of national interests; finally, because it is not certain that the precedent of Jean-Claude Juncker’s election as head of the European Commission in 2014 will form jurisprudence and that the Spitzenkandidat procedure will be respected in the future.

From this standpoint the diagnosis that can be

9. See Thierry Chopin, *La fracture politique de l'Europe. Crise de légitimité et déficit politique*, Brussels, Editions Larcier, 2015

10. Cf. T. Chopin and L. Macek, “Réformer l’Union européenne : un impératif politique” in *L’Union européenne entre implosion et refondation*, Y.-C. Zarka, P. Perrineau and A. Laquière, Editions Mimésis, coll. “Philosophie et Société”, 2016.

11. Cf. Y. Bertoncini et T. Chopin, « Qui présidera la Commission européenne? Une question à choix multiples », Policy Paper, Institut Jacques Delors / Robert Schuman Foundation, June 2014.

made of the legitimacy crisis of the Union's political regime must therefore be wider than that of a lack of accountability. Europe is a Union of democracies based on a democratic institutional system from a formal point of view, but which is unable to breathe adequate life into the "political" aspect (in the partisan sense of the term) amongst its members[12]. This is a structural obstacle to democratic ownership[13] by the citizens.

In all, only the introduction of a truly "political union" across the European Union, notably based on the pre-eminence of parliamentary and presidential institutions, whose members are appointed by direct universal suffrage, will give European citizens the opportunity to appoint and to reject those who wield power in the Union and of changing the laws and decisions adopted on their behalf.

- Finally the political reform of the European Union and a minima, of the euro zone supposes a prior clarification of what we want to do[14], which has not been the case to date:

- "Simply" reforming the present system whilst retaining the rationale according to which the community institutions function i.e. according to a rationale of a balance of interests and not powers?

- Going further and transforming the European political system into a truly parliamentary regime with a government that is accountable to parliament or even a presidential regime, as in the USA and its corollary
- the introduction of a regime with the effective separation of powers?

It is critical to dispel this ambiguity. The nature of the proposals and future stages in terms of strengthening the democratic legitimacy of the European Union and/or the euro zone, depends on the answers provided to these fundamental questions. A debate should be launched on this issue.

Under the second option (privileging the balance of powers rather than a balance of interests) it would be necessary to define and separate more clearly the

executive, legislative and judicial powers, as well as to clarify relations between each of them.

In particular in the Union's current institutional system:

- the Commission mixes executive and judicial power;
- the Council mixes legislative and executive power (and even judicial power in terms of economic and fiscal monitoring);
- the Parliament does not have all of the prerogatives held by a national parliament since it does not vote on taxation and it does not have the power of legislative initiative.

In order for citizens to be able to take democratic ownership of the European political system we would have to draw closer to the national political systems with:

- the Commission as the only political executive (government);
- the Court of Justice as the sole guardian of the treaties (and no longer the Commission) (chamber within the Court of Justice) or together with independent authorities (for example in the area of competition);
- the refocusing of the Council's powers on its legislative prerogatives (in view of its transformation into a second house, like the Bundesrat for example);
- the formalisation of the possibility for the European Parliament, the Council and the national parliaments (as part of a "green card" system for example) to put a legislative initiative to the Commission.

2. WHAT SHOULD BE DONE? RESPONDING TO THE DOUBLE DEFICIT OF POLITICAL LEADERSHIP AND LEGITIMACY AT EUROPEAN LEVEL[15]

2.1 Creating a true European executive power

The crisis that has affected the euro zone for nearly

12. In this sense the European Union can be analysed in terms of "an impolitical democracy" according to the term borrowed from P. Rosanvallon, in *La Contre-démocratie. La politique à l'âge de la défiance*, Le Seuil, 2006.

13. "Ownership and Accountability. How can Democratic Legitimacy of Policies Be Reinforced?", Completing Europe's Economic and Monetary Union, Background Note, European Political Strategy Centre, European Commission, 2nd March 2016 http://ec.europa.eu/epsc/pdf/publications/5p_bg_note_2016-03-02_democratic_accountability.pdf

14. Cf. S. Goulard et M. Monti, *De la démocratie en Europe*. See more, Paris, Flammarion, 2012 conclusion.

15. The following proposals were prepared initially in the following texts: T. Chopin, J.-F. Jamet et F.-X. Priollaud, «Political Union for Europe» European Issue, Robert Schuman Foundation, n°252, September 2012 and «Réformer le processus décisionnel européen : légitimité, efficacité, lisibilité», *Revue politique et parlementaire*, July 2013.

10 years raises a challenge in terms of leadership, coherence and efficiency for the governance of Europe[16]. In exceptional situations, which demand that the European Union and its Member States provide answers to the problems that they are experiencing, Europeans are discovering with frustration the limits of European governance and its "executive deficit"[17]: weakness of the European executive; the polyarchical nature of the community institutions and its corollary, a lack of clear political leadership; competition between the institutions and the States; slowness and unpredictability of the negotiation process between Member States. As for the euro zone, leadership is assumed by the ECB, which has no other power but its own and which has no strong political correspondent; the lack of an executive more legitimate than the Eurogroup is a particular problem in this instance.[18]

With this in view solving the problem of Europe's "executive deficit" necessarily implies the creation of a clearer, more legitimate and more accountable leadership:

- The President of the Commission leader of a parliamentary majority, representing (appointed in advance) of a political group which has won the greatest number of seats in the European Parliament

This interpretation of article 17.7 TEU seems to have been fulfilled – with the election of Jean-Claude Juncker as the head of the Commission in 2014. However, we shall have to wait until 2019 to see whether this procedure has set a precedent respected by all of the players in the Union's institutional game.

This is the inevitable starting point for any agenda that aims to politicise the functioning of the European Union. However, since the Treaties are ambiguous on this issue, this *acquis* is still a fragile one. Indeed, the European political parties must first play ball and then the European Parliament has to be able to assert itself before the Council which may – as was the case in 2014 – aspire to interpret the latter article[19] in a minimalist manner.

However, even if this measure became the norm,

without adapted supportive measures, like those set out below, it would not be enough.

The merger of the position of President of the Commission and President of the European Council.

- The Convention, which laid out the project for the European Constitutional Treaty, did not go as far as this for fear of giving too much power to one single person. But the Lisbon Treaty does not reject this possibility in the future: the European Council would simply have to appoint the same person for two posts, which would lead to greater coherence, thereby substituting the danger of competition inherent to the present system. It was in order to open up this path that the ban on the accumulation of European posts with a national mandate was retained in the Lisbon Treaty, whilst that with another European mandate was withdrawn. It offers the following advantages:
 - It avoids rivalry that is potentially damaging to the efficiency and legibility of the Union's work;
 - It would allow the Union to speak with one voice;
 - It would create a position high in democratic and intergovernmental legitimacy;
 - It would simplify the institutional structure and lend it a more personal aspect, which undoubtedly is a necessary prior condition to greater identification (whether this is positive or negative) between the Union and its citizens.

Using this possibility would imply definitively granting a major political role to the President of the Commission, who would enjoy community and intergovernmental legitimacy and be politically accountable to the European Parliament.

Such a modification does not require the modification of the treaties. An interinstitutional agreement would be sufficient[20].

This single President could be elected by indirect universal suffrage according to the model in force in most of the European Union Member States (appointment by parliament), which would suppose that the European Council commits – even informally – to the appointment of the candidate put forward by the

16. Cf. T. Chopin "Europe and the need to decide: Is European political leadership possible?", in the Schuman Report on Europe. The State of the Union 2011, Lignes de Repères, 2011 and "Towards true European executive power : from governance to government » European Issue», Robert Schuman Foundation, n°274, April 2013.

17. N. Véron "The Political Redefinition of Europe", Opening Remarks at the Financial Markets Committee (FMK)'s Conference on "The European Parliament and the Financial Market", Stockholm, June 2012.

18. This argument counters those who believe that there is no democratic problem with the Eurogroup, since each of the ministers is accountable to his/her own national parliament, which seems to imply a vision of the Council as an upper house. However in which system are economic and budgetary systems only decided by the upper house without any role being played by the lower house? Moreover the same applies to the Council's executive role? In which system does an upper house have the executive power? Not forgetting that many ministers give little account to their national parliament, which has little information and more often than not receives it a posteriori).

19. As Jean-Claude Juncker said in his speech on the State of the Union, 13th September 2017: « Those who want to strengthen European democracy cannot accept that the democratic progress comprising the innovation of lead candidates – "Spitzenkandidaten" would not be renewed. »

20. An interinstitutional agreement is an act adopted jointly by the European institutions in their field of competences, whereby they regulate their methods of cooperation or commit to respecting some basic rules. Interinstitutional agreements are the result of a practical need on the part of the institutions to define certain measures in the treaties which affect them to prevent conflict and to adjust their respective competences; Not provided for originally in the treaties they were formally introduced with the Lisbon Treaty in article 295 of the Treaty on the Functioning of the European Union (TFEU).

majority party or coalition in the European Parliament to the post of President of the Commission.

As the treaties stand the European Council is allowed to propose (i) as President of the Commission the candidate put forward by the winning party in the European elections (which would be in line with the obligation provided for in the treaties that the European Council takes the result of these elections into account) and (ii) elect as President of the Council the President of the European Commission[21].

- In the meantime a revision of the appointment procedure of the President of the European Council is called for.

The appointment of H. Van Rompuy, just as that of D. Tusk was the result of negotiation between the heads of State and government, without public debate open to the citizens. As long as the appointment of the holder of this position does not evolve towards a merger with the Presidency of the Commission, a procedure that becomes a high point in European debate will have to be developed by:

- demanding a real declaration of candidacy, together with a clear political programme by each candidate, and at the same time ruling out the possibility of this person acceding to this post without fulfilling this prior condition;
- organising a public hearing of the candidates and a public debate between them;
- making the debate and the vote of the European Council on this issue public.
- The position of President of the Eurogroup should be merged with that of Vice-President of the Commission responsible for the euro, in order to create a Minister of European Finance who is accountable to the European Parliament[22]. Although this kind of proposal seems to enjoy increasing political support, his role would have to be defined:
 - He would use the Eurogroup work group for the

preparation and follow-up to euro zone meetings and the Economic and Financial Committee in view of meetings involving all of the Member States.

- Under his command he would have the General Secretariat of the Treasury of the euro zone whose remit would depend on the goals of on-going budgetary union, notably via insurance mechanisms and existing budgetary instruments. The Euro Zone Treasury's tasks could be extended the European Stability Mechanism (ESM), transformed into the European Monetary Fund, after its integration into the European legal system, which would suppose a treaty change.

- The question has been raised regarding the euro zone's budgetary capacity to enable the stabilisation of macroeconomic shocks. However this proposal is encountering the reticence of some governments and some public opinion, notably in the countries of Northern Europe in terms of moving towards the greater pooling of risks, which is leading to fears of "a transfers union". It seems more likely that common budgetary instruments would be acceptable if common needs are identified. From this point of view it would seem opportune to start a debate over common goods that might be managed under the framework of common institutions. Associated with the "regalian" dimension of the present challenges, amongst the potential common goods feature investment in R&D, in cross border networks and in the sphere of defence. Incidentally it is striking that this investment spending is generally centralised in the federal States.[23]

- The creation of an independent European budgetary committee might provide a solution which would circumvent a risk inherent to this merger: the European Minister of Finance being able to "demand sanctions against a State and then chair the Council during which this proposal would be validated or rejected?"[24]; the independent European budgetary committee would be able to "externalise the supervision of excessive deficits by giving this task to a discrete authority from the departments of the DG Economic and Financial Affairs (ECOFIN), (...) over which the Commissioner would have no authority. The introduction of an independent budgetary committee of this nature would free the

21. The President of the European Commission, Jean-Claude Juncker recently supported this proposal ; cf the Speech on the State of the Union 2017, op. cit.

22. Cf. Speech by J-C Trichet, the then ECB President, on the occasion of the award of the Charlemagne Prize in Aachen on 2nd June 2011. See T. Chopin, J.-F. Jamet and F.-X. Priollaude, « Une Union politique pour l'Europe », op. cit. 2012 et « Réformer le processus décisionnel européen : légitimité, efficacité, lisibilité », op. cit., 2013. Refer also to a complementary paper by H. Henderlein, J. Haas, « Quel serait le rôle d'un ministre européen des finances ? », Policy Paper, Institut Jacques Delors, October 2015.

23. On this point see T. Chopin and J.-F. Jamet, hearing before the French National Assembly's European Affairs Committee, 14th December 2016

24. J. Pisani-Ferry, « Assurance mutuelle ou fédéralisme : l'euro entre deux modèles », Bruegel, 2012.

Commissioner of his role as prosecutor and allow him/her to accumulate his/her office with that of President of the Eurogroup.”[25]

From this point of view the fact that the appointment of the members of the European budgetary committee, established on 1st November 2015, depends uniquely on the competence of the Commission and its departments’ secretariat, raises the issue of the real independence of this committee. The rules of the appointment of its members and its functioning must therefore be revised in view of achieving greater independence[26].

- The Vice-President of the Commission and the Council responsible for the euro and its economic affairs would be the face and voice of the euro policy. He/She would be in charge of communicating the Eurogroup’s decisions and of the euro zone’s external representation within the international financial institutions, notably at the IMF. He/She would be responsible for explaining how budgetary or structural policies of the euro zone member states form a coherent policy mix with the ECB’s monetary policy.

- Finally, he would have to report regularly to the Inter-parliamentary Conference.

The remit of the Vice-President of the Commission and the Council responsible for the euro and for economic affairs could be defined under the Eurogroup’s Protocol.

2.2 Strengthening the democratic legitimacy of European decisions by national parliaments and the European Parliament

In terms of strengthening democratic legitimacy national parliaments and the European Parliament have a decisive role to play.

2.2.1 Involving national parliaments in economic and budgetary supervision

Beyond the work of supervising the governments of the Member States by national parliaments (the intensity of which is variable depending on the States), this might involve:

- developing the role played by the Interparliamentary Conference on Stability, Coordination and Governance within the Union created by the TSCG[27].

To do this the format of the Inter-parliamentary Conference would have to be changed (since it involves too many participants), for example in a format of ECON+2 participants per national parliament and be provided with an explicit mandate (failing which it would not have any power and would only be a forum), for example in terms of budgetary supervision.

This Inter-parliamentary Conference would be given an important role in the economic and budgetary supervisory mechanisms planned for EMU Member States:

- its two annual meetings should take place at key points in the European Semester (November/December after the annual assessment of growth and in June after the draft recommendations have been made by the European Commission on the stability and reform programmes and before the adoption of these recommendations by the Council[28];

- it would meet for regular sessions which might be completed by the convocation of exceptional sessions;

- on the base of the reports presented by the Member States and the Commission (which should lead to the establishment of a consolidated vision of the euro zone’s public accounts), and also the fact-finding missions that it might launch under its own initiative, this Conference could check on the strength of the euro zone and the respect of the commitments made by the Member States;

- it would also need to be informed of the progress of the measures taken as part of the conditions set by the aid programmes;

- finally, it would have the power to summon the Member States’ Economy and Finance Ministers, members of the European Commission (vice-presidents, commissioners) responsible for economic, financial

25. Ibid.

26. Information Report delivered by the French National Assembly’s European Affairs Committee on the governance of euro zone and presented by C. Caresche, 18th November 2015, p. 12-15.

27. Article 13 of the TSCG provides that “the European Parliament and the national Parliaments of the Contracting Parties will together determine the organisation and promotion of a conference of representatives of the relevant committees of the national Parliaments and representatives of the relevant committees of the European Parliament in order to discuss budgetary policies and other issues covered by this Treaty.” The Inter-parliamentary Conference on stability, economic coordination and European governance meets at least twice a year, in coordination with the European Semester. During the first semester of each year the Conference takes place in Brussels and is organised and jointly presided over by the parliament of the Presidency and the European Parliament. In the second semester of each year, the Conference takes place in the Member State ensuring the Presidency of the Council of the European Union and is presided over by the parliament of the Presidency.

28. Cf. Information report delivered by the French National Assembly’s European Affairs Committee on the governance of the euro zone and presented by Christophe Caresche, op. cit.

and monetary issues, the president of the ECB, the president of the Eurogroup as well as members of the European budgetary committee for hearings.

A revision of the treaty would be required according to a simplified procedure provided for in article 48-3 TFEU. However, according to the Inter-parliamentary Conference's perimeter of competence, a modification of the treaties according to the ordinary revision procedure cannot be ruled out (IGC preceded by a convention).

An institutional modification in the monetary area (for the hearing of the President of the ECB, if he is obliged to attend on invitation of the Inter-parliamentary Conference) is possible according to the simplified revision procedure provided for in article 48-6 in the TEU, but this would require a decision from the European Council deciding unanimously after consultation with the European Parliament, the Commission and the ECB.

2.2.2 Strengthening the role and legitimacy of the European Parliament

Beyond the initiatives taken by the European Parliament to strengthen parliamentary supervision under the European Semester (notably in the shape of "economic dialogue" between the Parliament, the Council, the Commission and the Eurogroup) this might involve:

- Creating a "euro zone subcommittee" within the European Parliament on the basis of a simple modification of its internal regulations. The progress of the euro zone's integration raises the issue of strengthening differentiation from a political and institutional point of view. As an example, in order to reinforce the legitimacy and democratic supervision of European decisions on EMU, the question of creating a specific euro zone assembly has been raised. The European Parliament would evidently prefer this assembly not to compete with it and for it to be one of the sub-committees, in the same way the Eurogroup is a sub-committee of the Ecofin Council and the euro zone summit is a sub-committee of the European Council. For his part the President of the European

Commission "is not keen on the idea of a euro zone specific Parliament. The euro zone Parliament is the European Parliament"[29]. The Treaties indeed provide that all of the Union's States will join the EMU. The only exceptions are the UK and Denmark, but a majority of the British citizens decided on 23rd June 2016 that their country would leave the European Union and Denmark has chosen to peg its currency to the euro, thereby guaranteeing a very close fluctuation band of the Danish crown vis-à-vis the single currency as part of the European exchange mechanism. Hence, after Brexit the overlap between the euro zone and the rest of the Union will be greater and it will therefore not be as important to develop specific euro zone instruments. On the long run it would be possible to envisage convergence between the European Union and the EMU, which might facilitate the institutional development of the euro zone, without having to turn to legal acrobatics and the creation of ad hoc structures in the shape of intergovernmental agreements. But in the meantime the realignment of the two main levels of integration, the institutions of the euro zone would be accountable to "the euro zone sub-committee" within the European Parliament. The chair of this sub-committee would also be invited to speak at the Eurogroup meetings and the euro zone summits[30].

This modification might be made as part of a revision of the Eurogroup's Protocol.

- Representation that is more proportional with the population would enhance the democratic legitimacy of the European Parliament. At present the European Parliament is far from the principle of fair democratic representation: the number of MEPs per inhabitant is for example twice as high in Finland than in France. But since citizens should all have the same political rights in a democratic system their vote should carry the same weight[31]. In other words the number of inhabitants per MEP should be the same in all countries (with a minimum representation however to guarantee that even the least populous States are represented) [32], which is an objective criteria that is difficult to challenge. But given the significant growth in the powers of the European Parliament as the Treaties have progressed, strengthening the democratic

29. Speech on the State of the Union 2017, op. cit.

30. Regarding the distribution of tasks between this sub-committee of the euro zone and the Inter-parliamentary Conference cf. Y. Bertoncini, "Les parlements de l'UE et la gouvernance de l'UEM. Quelle dimension parlementaire pour l'« Union politique » ? »", Tribune, Institut Jacques Delors, April 2013 and Y. Bertoncini and A. Vitorino, « Réformer la « gouvernance européenne », Studies and Reports, Institut Jacques Delors, September 2014, p. 70-71.

31. Cf. T. Chopin and J.-F. Jamet, "Distribution of MEP seats between Member States: a democratic as well as a diplomatic stake", European Issue, Robert Schuman Foundation, n°71, 2007.

legitimacy of this institution, which is moreover, the only one to be elected by direct universal suffrage, is a real stake, as recalled by the jurisprudence of the German Constitutional Court[33].

A modification of this nature would require a revision of article 14-2 TEU according to an ordinary revision procedure of the treaties (IGC preceded by a Convention).

- Recognising the right to joint legislative initiative by the European Parliament and the Council. This does not mean restricting the prerogatives of the Commission but rather more adding an element of democracy to the final stage of the community decision making process. Sharing the initiative between the Commission (which would retain this prerogative), the MEPs and the governments of the Member States (in the shape of a right to joint initiative between these two houses of European legislative power) would have double added value in comparison with the system that is currently in force: by firstly allowing response to democratic requirements on which representative democracy is founded (in which the executive and legislative bodies share the power to put laws forward); by giving citizens the feeling that they are being heard and that their representatives – both European and national – are able to relay their wishes[34]. This innovation might be presented as a complement to the citizens' right to initiative introduced with the Lisbon Treaty. A

modification of this nature would require a revision of the treaties (art. 225 TFEU) according to an ordinary procedure (IGC preceded by a Convention).

In spite of the subsidence in anti-European populist and extremist political forces, Euroscepticism is still running high in many Member States and the citizens' mistrust of the European institutions raises a major political challenge for Europe: either the leaders of Europe are able to agree on sufficiently concrete steps to take in response to the criticism made about the system's democratic legitimacy deficit and its executive deficit, and via this progress, help towards providing European citizenship with meaning; or they run the risk of seeing Euroscepticism grow stronger if steps towards integration do not go hand in hand with democratic control and sufficient decision making power. Many Europeans might then withdraw back towards their national identity, which they feel will be the only one that can guarantee them their political rights.

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32. A simple solution would be to have an MEP for X (eg 1 million) inhabitants with a minimum of one MEP per Member State.

33. The decision of the German Constitutional Court of Karlsruhe on the Lisbon Treaty stresses that the democratic principle applied to a State means the respect of certain conditions that the Union does not fulfil and notably the fact that European elections do not take place according to the principle of one man one vote." cf Les conséquences du jugement de la cour constitutionnelle fédérale allemande sur le processus d'unification européenne, Robert Schuman Foundation / Konrad Adenauer Stiftung, September 2009.

34. Y. Bertoncini, Europe : le temps des fils fondateurs, Michalon, 2005.

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