

# Democracy and Accountability in the Enlarged European Union

## The Development of the European Parliament's Powers

Berthold Rittberger, D.Phil.<sup>1</sup>

### The empirical question

The objective of this talk is to answer a question that has puzzled academics for a very long time: Why does the EU – as the only system of international institutionalised governance worldwide – comprise a parliamentary institution with considerable supervisory, budgetary and legislative powers? In contrast to parliamentary institutions of other international organisations, such as the assemblies of the Council of Europe, of NATO, or of the OSCE which merely possess an advisory or consultative function, the EP bears more resemblance to national parliaments than to its international counterparts as regards its powers as well as its internal organisation. Why did national governments in the EU opt for an institution of this kind? Why did it ‘happen’ in the context of the EU and not elsewhere?

In this talk, I will focus on some of the landmark-decisions which have resulted in the gradual endowment of the classical parliamentary power-‘trias’ to the EP:

- The first case will address the delegation of certain **supervisory and control powers** to the EP’s forerunner, the Common Assembly of the ECSC.
- The second case will look into the decision of Community member states to delegate certain **budgetary powers** following the signing of the Treaty of Luxembourg of 1970.
- The final set of cases deals with the delegation of **legislative powers** to the EP following the Single European Act (SEA) signed in 1986 and the Maastricht Treaty signed in 1991.

### The theoretical puzzle

Why have academics battled for so long with the question of the development of the EP’s powers while, at the same time, explanations flourished as to why other Community institutions and the rules governing their interactions came into being and why they changed over time? Most commonly, academics explain the creation and reform of institutions by assuming that governments pursue one or a combination of the following goals:

- Institutions help to advance governments’ **policy interests** and help making commitments to certain policies credible (i.e. ensuring price stability [policy] through central bank independence [institution] or preventing capture by interest groups domestically, i.e. promoting undistorted trade [policy] by delegating external trade policy competences to the Commission [institution]).
- Institutions help to advance governments’ **power and status interests** (i.e. ensuring a countries’ relative weight in decision-making [power/status] through specific vote weighting-formulas in the Council [institution]).
- Institutions help to advance governments’ collective interest in **making decision-making more efficient** (i.e. ensuring swifter legislative decision-making [efficiency] by introducing qualified majority voting [institution]).

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<sup>1</sup> MZES (University of Mannheim) and Nuffield College (University of Oxford)

It is thus easy to see, why academics have had such trouble to make the development of the EP's powers 'match' explanations of this kind.

- **Policy interests? No!** Position of the 'median MEP' across all the policy areas where the EP is involved is difficult for governments to foresee.
- **Power and status interests? No!** Governments concede(d) influence over outcomes.
- **Collective efficiency gains? No!** Involving the EP in decision-making reduces decision-making efficiency and increases the likelihood of policy stability.

Why, then, have governments delegated powers to a representative parliamentary institution, if not for the reasons stated above?

In order to develop a generalisable explanation for the development of powers of parliamentary institutions in international systems of governance, I will now present a set of assumptions deduced from extant bodies of theory and empirical research, derive propositions about the factors that induce governments to delegate powers to the EP, and present empirical findings that support the advanced propositions.

### First Assumption

While transfers of sovereignty to supranational institutions may enhance the problem-solving capacity of a polity (and thus produce *output* legitimacy), this may have detrimental effects on the functioning of traditional channels of interest representation and democratic accountability (and thus challenges *input* legitimacy domestically), thereby producing an asymmetry between *output* and *input* legitimacy.

Let me explain: In democratic political systems, parliaments do not only perform **policy-making and control functions**, they also fulfil an important **legitimation function** since they endow the political system with *input* legitimacy by providing channels for popular interest representation and democratic accountability. Normative and empirical democratic theorists underwrite the argument that the legitimacy of any political order derives from both the *output* and *input* legitimacy provided by the political institutions and the procedural rules for policy-making. In international politics, states' desire to overcome problems of socio-economic and security interdependence may lead to the construction of international institutions which help to enhance the *output* legitimacy of domestic polities since unilateral action would have produced inferior outcomes. But what about the *input* legitimacy of systems of international cooperation? As long as the intergovernmental principle dominates international cooperation, each state can unilaterally veto decisions and hence, domestic channels of accountability and interest representation are, at least in theory, left fully intact: Governments can be held accountable by their domestic constituents for the results of international bargains.

Yet, the process of European integration, by which I mean the successive pooling (QMV in the Council) and delegation of national sovereignty in an ever growing number of policy areas, has put the equilibrium between *input* and *output* legitimacy into jeopardy. We would expect that transfers of sovereignty from the domestic to the supranational level will trigger concerns about *input* legitimacy among national political elites – government officials and national MPs alike – which are likely to be mirrored by questions of the following type: 'Who are supranational actors accountable to?' 'Who will control them?' 'Which democratic mechanisms compensate for the loss of the powers of national parliaments?'

## First Proposition

Consequently, I expect the following:

Transfers of national sovereignty through pooling and delegation are likely to produce a perceived asymmetry between *output* and *input* legitimacy ('legitimacy deficit'). The perceived 'legitimacy deficit' induces political elites to contemplate institutional solutions to alleviate the 'legitimacy deficit'.

## Second assumption

Institutional solutions to democratise (or 'input legitimise') international institutions rest on alternative 'legitimizing beliefs' which are rooted in domestic political culture (law and constitutional tradition) and ideology.

These beliefs influence behaviour *directly* by setting standards of appropriateness or *indirectly* by establishing prefabricated links between values that collectivities habitually rely upon to address specific problems.

As a corollary of the first assumption we can argue that whenever governments opt for the pooling and delegation of sovereignty, they will consider institutional mechanisms through which input legitimacy can be enhanced. Yet, we do not know **what type of proposals** governments will advance to alleviate the 'democratic legitimacy deficit'. Do proposals to reduce the 'legitimacy deficit' uniformly stress the importance of a representative parliamentary institution, such as the EP? We know from existing research that political elites advance fundamentally different proposals to tackle the perceived 'democratic legitimacy deficit'. Interestingly, though the perception that there *is* a 'legitimacy deficit' is shared among all governments, the remedies they propose vary substantially!

Table: 'Legitimizing beliefs' and the nature of the EU's 'democratic legitimacy deficit'

	Federal State	Intergovernmental Cooperation	Economic Community
Source of legitimacy of international polities	(Dual) popular sovereignty at state and union level of governance	National sovereignty (sovereignty indivisible, 'social legitimacy')	Economic efficiency
Nature of the 'legitimacy deficit' and remedies to reduce it	EP should be empowered	'Legitimacy deficit' to be addressed domestically (e.g. increasing scrutiny powers for national parliaments)	Indifferent to EP empowerment as long as it does not hamper economic objectives

## Second proposition

Consequently, I expect the following:

Governments will advance alternative proposals to create and reform institutions with a view to reducing the 'democratic legitimacy deficit'. The difference in these proposals are likely to reflect differences in 'legitimizing beliefs' held by different political elites.

## Findings

In order to see whether these propositions help us to explain the real world, the following two questions have to be answered by the data:

- Did political elites establish a direct link between transfers of sovereignty through pooling and/or delegation and perceived challenges to input legitimacy?
- Did they derive alternative institutional solutions as a response to the perceived 'democratic legitimacy deficit'?

Table: Transfers of sovereignty and the 'legitimacy deficit'

	<b>ECSC</b> (Creation of EP; Supervisory Powers)	<b>Luxembourg Treaty</b> (1970) (Budgetary Powers)	<b>SEA / Maastricht</b> (Legislative Powers)
<i>Transfer of sovereignty?</i>	+ (delegation)	+ (delegation)	+ (pooling; delegation)
<i>Perceived 'legitimacy deficit'?</i>	+ (Who controls the 'executive'?)	+ (Who compensates for the decline of the budgetary role of national parliaments?)	+ (Who holds national executives to account when they are outvoted?)

### ECSC

Delegation: Creation of a supranational High Authority which could take decisions binding for the member states.

Legitimacy deficit: Creation of the HA triggered the question of accountability and caused fierce debates about the locus of legitimacy and sovereignty even before the official negotiations of the Schuman Plan had taken off. The 'accountability-question' was most resolutely advanced by the governments in Brussels and The Hague. Dirk Spierenburg, leader of the Dutch delegation, warned his government about the potential role of the High Authority claiming that it was likely to represent a congregation of experts exercising some form of dictatorship over national coal and steel industries. Reactions of similar kind echoed from Brussels where it was demanded that the High Authority had to be held at bay and could not go uncontrolled. These concerns about the potential pre-eminence of the High Authority in the political system of the ECSC voiced prior to the beginning of the negotiations led Monnet to reflect more intensely on control mechanisms that could be instituted vis-à-vis the High Authority. He saw clearly that transfers of sovereignty to the High Authority would be unacceptable without adequate mechanisms to control the 'executive' High Authority.

### Luxembourg Treaty

Delegation: Creation of permanent financing arrangement for the Community by instituting own resources (stemming from agricultural levies on agricultural imports).

Legitimacy deficit: As soon as the discussion about the creation of own resources surfaced, calls for an extension of the EP's budgetary powers came to the forefront. The Commission, the European Parliament and most national governments advocated that a link be established between the creation of a Community system of own resources and the empowerment of the EP in the budgetary sphere. For example, the Dutch permanent representative to the European

Communities made it clear that, with the creation of the EAGGF (European Agricultural Guidance and Guarantee Fund), national parliaments were to lose control of a considerable sum of expenditures that would become genuine Community expenditures. It was therefore considered necessary to establish an appropriate approval and oversight mechanism the use of these funds on the supranational level, exercised by the EP.

## SEA

Pooling: Introduction of QMV mostly for matters relating to the completion of the internal market

Legitimacy deficit: A number of national governments openly invoked the need to compensate national democratic constituencies for the expected loss of national parliaments' capacity to control their national executives and to hold them to account once qualified majority voting became a reality, by strengthening the legislative powers of the EP.

## Maastricht

Delegation (and pooling): Creation of an independent central bank (and extension of QMV).

Legitimacy deficit: The transfer of monetary policy competencies to the Community-level sparked concerns among national governments and political parties that, despite the deliberate creation of a *non-majoritarian* (non-democratic) institutional mechanism in the field of monetary policy, *majoritarian* (democratic) elements had to be enforced elsewhere since the monetary policy-consensus left few openings to include the European Parliament in the workings of EMU. Especially the German government considered that a trade-off on democracy would have to lie elsewhere than in EMU. Some of the national governments, Germany and the Netherlands in particular, as well as the Commission actively lobbied for more competencies for the European Parliament in the context of the negotiations on Political Union (in exchange for EMU), above all by strengthening its role in the legislative process, giving it the right to legislative co-decision.

Table: Alternative conceptions of the 'legitimacy deficit'

	ECSC	Treaty of Luxembourg	SEA / Maastricht
<i>Federal State</i>	Germany, France → <i>Support for EP with 'real' powers</i>	'The Five' → <i>Support for EP with budgetary powers</i>	Germany, Italy, Benelux etc. → <i>Support for legislative role of EP</i>
<i>Intergovernmental Cooperation</i>		France → <i>Hostile towards EP with budgetary powers</i>	UK (Tory backbenchers) → <i>Hostile towards EP with legislative powers</i>
<i>Economic Community</i>	Benelux → <i>Symbolic concessions</i>		UK → <i>Symbolic concessions</i>

## Conclusion and implications

Having sought to make sense of history, what does our theory lead us to expect for the future of the EP in general, and the outcomes of the Convention with regard to the EP's powers in particular?

As to the first point, it can be argued that the EP – as far as the *types* of its powers are concerned – has reached its pinnacle. As a result of governments’ decisions to transfer powers to the supranational Commission, to create a system of own resources and to adopt qualified majority voting, the EP’s control, budgetary and legislative powers can be seen – in the light of theory – as a logical adjustment to the perceived asymmetry between *output* and *input* legitimacy that ensued from the goal to enhance the problems-solving capacity of domestic politics on the one hand, and the challenges to traditional channels of interest representation and accountability on the other.

As regards the *scope* of its powers, the empowerment of the EP crucially depends on national governments’ decisions to further pool and delegate sovereignty to EU institutions and on the policy areas where this is to occur notwithstanding the EP’s on strive to extend its powers through the contestation of existing rules! For example, in policy areas where member states opt for qualified majority voting, we would expect pressure among political elites to involve the EP in legislative decision-making. Still, there continue to exist a number of policy areas to which some national governments attach a very high degree of salience and where qualified majority voting is applied only selectively – such as in CSFP – but where the EP is merely informed or – at most – consulted. This also applies to budgetary politics, where the Council votes on compulsory expenditure by qualified majority and the EP is effectively stripped of any substantial influence. Yet, we can observe that there has a number of national governments and parliaments exercised and continue to exercise pressure to ‘automatically’ link qualified majority voting to effective EP participation in decision-making or to institute mechanisms to effectively control the Council in those policy areas where, traditionally, the executive(s) set the policy agenda, such as in foreign and security policy. Hence, we can expect that ‘adjustments’ to the EP’s powers will occur *within* the existing matrix of control, budgetary and legislative powers.

As regards the second point, what can we expect from the Convention? The answer here flows directly from the previous one. It seems very likely that the Convention and the ensuing IGC will result in only very limited additional pooling and delegation of sovereignty in a circumscribed number of policy areas, such as in common foreign and security policy, in justice and home affairs and maybe as regards some aspects of economic policy. Since the Laeken European Council of December 2001 addressed the potential for a re-organisation of competencies and the prospects for more democracy, transparency and efficiency, and did not advance a project that is likely to result in major transfers of sovereignty (such as the founding Treaties, the SEA or Maastricht), it is therefore not surprising that the question about **increasing** the powers of the EP is not a focal point of the Convention’s discussions, with the exception that a majority of members advocates the already mentioned link between qualified majority voting and effective participation of the EP in legislative decision-making. In this regard, it is also no surprise that the Convention has not instituted a working group on the role of the EP! Still, much of the Convention’s work centres around the more general question about the institutional mechanisms with which democratically legitimate governance in the EU is to be ensured. Here, the **role** of the EP as well as of other institutional mechanisms, such as national parliaments, is addressed.

What else could we potentially learn from this theory for the prospects of the democratisation of other international institutions? The theory predicts that *wherever (democratic) states will be contemplating to reap the gains of cooperation through pooled or delegated sovereignty, concerns about a looming asymmetry between output and input legitimacy – what has been coined a ‘legitimacy deficit’ – are likely to be voiced loudly.* In fact, a correlation exists

between the level of integration of an international organisation and the public discourse (mirrored in statements by academics, practitioners, authoritative spokespersons etc.) about the “democratic-legitimacy deficit” of the functioning and structure of international organisations. In organisations with an intergovernmental decision-making mode, the ‘democratic deficit’-discourse does not arise or is muted. At the point, however, where the member states of an international organisation become subject to majority vote (*pooling*) and the organization’s competence requires mediation between conflicting interests and values (adjudication – *delegation!*), the level of discourse in democratic societies rises, and becomes linked to a more general debate on reforming the organization. For example, with regard to the World Trade Organisation (WTO), where delegation of certain judicial functions has occurred, a democratic deficit-discourse originated around the use of the adjudicatory power of the institution. Hence, wherever states will be contemplating to reap the gains of socio-economic and security cooperation through pooled or delegated sovereignty and the concomitant creation of supranational institutions, the European Parliament is likely to have its ‘followers’ as time unfolds.