

with the Euro Group, and “shall assume functions of political control” (Art. 3 T-Dem). However, to what extent this assembly is really able to deliver, in terms of enhancing democratic legitimacy of the Eurozone, while respecting the powers and mandates of other EU institutions, appears questionable.¹⁰¹

The same setting up of a new institution may be problematic for the sake of improving democratic accountability – already dispersed and fragmented in the EU – and this risks creating further confusion from the perspective of the citizens in terms of responsibilities and duties in what appears today to be a very complex institutional framework. So, it does not seem clear how the Parliamentary Assembly could streamline accountability mechanisms and bring Eurozone citizens closer to the decision-making. The mixed composition of the assembly, one fifth of members coming from the EP (elected in any Member State) and four-fifths from national parliaments in the Euro Area, does not support the achievement of the objectives either. The EP and national delegations will be composed in proportion to the weight of political groups in the assembly, thereby leading to the formation of a majority that does not reflect the reality of the political balance of powers in Europe nor any inter-governmental counterpart. The size of the delegations shall be determined by regulation and will be proportional to the population of the State concerned, with a requirement of at least one seat per national parliament (Art. 4).¹⁰²

The counterpart of this assembly, the Council of Ministers of the Euro Area or Euro Group will not reflect exactly the present Euro Group, since its composition will vary depending on the items on the agenda and, thus, could not necessarily involve only the Ministers of Economics and Finance, but also the Ministers for Employment and Social Affairs, or other Ministers (Art. 6). Moreover, in contrast with the current state of the art, it will be the Parliamentary Assembly, and no longer the Euro Group that prepares the Euro Summit’s meetings as well as the semiannual work program of the Euro Group (Art. 7). These and other provisions give a strong “assemblearistic” imprinting to the governance of the Euro Area similar to the cases of the French Third and Fourth Republic,¹⁰³ moving from intergovernmental dominance to interparliamentary dominance. The assembly adopts a position on the Alert

¹⁰¹ No reference is made here to another problem, namely the compatibility of the T-Dem with the Treaties, which the authors try to address in Art. 18.

¹⁰² P. Magnette, Ten Thoughts on the Treaty Democratizing the Euro Area (T.Dem), in S. Hennette et al. (eds.), *How to democratize Europe*, Harvard University Press, 2019, p. 97, with a clear provocation, suggests to include also representatives of regional parliaments in the national delegations of the Eurozone countries to the Parliamentary Assembly.

¹⁰³ See A. Manzella, Notes on the ‘Draft Treaty on the Democratization of the Governance of the Euro Area’, *European Papers*, vol. 3, 2018, pp. 93-102.

Mechanism Report prepared by the European Commission for what concerns the Member States whose currency is the euro, participates in the monitoring of the Eurozone countries' budgetary plans and can make recommendations on them, assesses the country-specific recommendations adopted by the Commission and the Council with regard to the Euro Area countries subject to an excessive imbalance procedure – but unexpectedly not to an excessive deficit procedure – amongst other tasks (Art. 8). It has a veto power on granting financial assistance to one of the Eurozone countries and, in case, on the memorandum of understanding which details the conditions to benefit from financial assistance, and it monitors the implementation of the adjustment program (Art. 9). In other words, we would witness a centralization of powers in the hands of the assembly, in addition or in replacement – this remains unclear – to EU institutions, like the Commission, the EP and the Council, and to national institutions, including national parliaments, some of which have a veto powers on the rescue programs, according to national constitutional law. The Parliamentary Assembly also has agenda-setting powers, jointly with the Euro Group, and in the adoption of legislative proposals related to the Euro Area and of the Budget of the Euro Area, which would set both revenues (through unspecified Eurozone truly own resources) and expenditures, the assembly prevails over the Euro Group in case of disagreement (Arts. 13 and 14).¹⁰⁴

Despite the commitment to respect the prerogatives of the EU institutions, the EP and the Commission are *de facto* bypassed. The EP is just consulted, without any binding powers, when a legislative proposal for the Euro Area is put forward, and the Commission loses both the power to present draft legislative acts related to the Euro Area and to put forward the (Euro Area) budget, two prerogatives on which the Commission has the monopoly or a quasi-monopoly when looking at the decision making in the Union as a whole. Furthermore, the Parliamentary Assembly is expected to exert a strong political influence on the ECB and on the Single Supervisory Mechanism, which might seriously put into question their independence, through the power to approve their annual reports (Art. 10.2). Relatedly, it appears even dangerous for the stability of the Eurozone and for the authority of the ECB the conferral to the Parliamentary Assembly of the power to “adopt a position through a resolution on the interpretation of the price stability objective and the inflation target” set by the ECB. This way the assembly could question the monetary policy pursued by the

¹⁰⁴ In parallel, the powers of the Euro Group would also be enhanced as to date it does not have the power to adopt binding decisions, except in the case its members act as governors of the ESM: see L. Van Middelbaar and V. Borger, A Eurozone Congress, in S. Hennette et al. (eds.), *How to democratize Europe*, Harvard University Press, 2019, p. 118.

ECB and promote its own alternative vision, with a strong risk of politicization and limitation of the ECB's technical discretion.

The T-Dem proposes an extreme parliamentarization of the Eurozone disconnected from the functioning of national constitutional democracies and from the existing EU institutional framework.¹⁰⁵ While it is the most sophisticated and legally detailed attempt to counter the democratic deficiencies of the Eurozone governance thus far, it however provides a case for overreaction to the weaknesses of parliaments in the field which might increase the rate of institutional conflicts and paralysis of decision-making given the problem of assigning such strong powers to an assembly composed of national MPs and MEPs. They have “different mandates, distinct legitimacy and contrasting functions and preoccupations”¹⁰⁶ and in the economic, monetary and fiscal governance usually tend to enter into a conflict rather than cooperate.¹⁰⁷ In addition to this, other questions would remain to be solved, in particular with regard to majority formation in the assembly, whether two majorities need to be counted, one amongst MPs and one among MEPs, or a single one, and in this case, how representatives should vote, individually – thereby reproducing the same troubles we face with the EP – or by delegation, systematically sidelining the EP that is under-represented there.

Finally, especially in the event the Parliamentary Assembly is established implementing the T-Dem provisions as they stand, the new body would face the same legitimacy problem highlighted above for the internal differentiation of the EP (section 3.4.) regarding the “quandary of exclusion”:¹⁰⁸ that is to say the problem of deciding to include or exclude altogether non-Eurozone national parliaments from the decision-making procedures of the assembly even though non-Euro Area Member States are inevitably affected by those decisions, or,

¹⁰⁵ Even those supporting the proposed setting up of a Parliamentary Assembly for the Euro Area – see, for example, L. Van Middelaar and V. Borger, *A Eurozone Congress*, cit., p. 118, are critical of certain aspects of the T-Dem, like the conferral at the Eurozone level of the power to set the corporate tax rate or to pool public debt, thereby affecting the powers of national parliaments individually.

¹⁰⁶ See A. Duff, *Genuine Economic and Monetary Union Will Be Federal or It Will Not Be*, *European Papers*, 2018, cit., p. 72 and D. Fromage, *A Parliamentary Assembly for the Eurozone*, in ADEMU Working Paper Series, 2018/34, May 2018, p. 5.

¹⁰⁷ On the need to have a clearer demarcation of the powers and role of the EP vis-à-vis the assembly, see P. Magnette, *Ten Thoughts on the Treaty*, cit., p. 98.

¹⁰⁸ See I. Cooper, *A Separate Parliament for the Eurozone? Differentiated Representation, Brexit, and the Quandary of Exclusion*, *Parliamentary Affairs*, vol. 70, 2017, pp. 655-672. Compared to when the author finalized the article, in 2017, it does not appear at present that Brexit could really represent the overcoming of the dichotomy between the EU and the Eurozone.

alternatively, to find fair criteria for involving only some of them. Indeed, as illustrated in section 2.3., the governance of the economic, monetary and fiscal policies is much more complex, fragmented and asymmetric than the simple Eurozone vs. non-Eurozone divide would show at first, as there are several different degrees of national commitments to abide to the rule of the EMU governance.

4. The need for a combined and incremental strategy, while “building Europe’s Parliament(s)”

This article has tried to explore the features and the pitfalls of parliamentary accountability in the European economic, monetary and fiscal governance. In order to do so and drawing inspiration on the T-Dem as one of the most detailed proposals for improvement advanced so far, it has first highlighted the main causes of the democratic problems in these policy areas: the strengthening of the executive dominance, but at the same time the fragmentation of the centers of exercise of the executive power at the supranational and at the domestic level, which makes it difficult to identify clear accountability chains; the asymmetries in terms of interinstitutional balance, of inter-state relationships and of levels of integration across the three different policy areas, which makes it impossible to detect and favor a one-size-fits-all solution in terms of role and responsibility of the many Parliaments of Europe; the “incompleteness” of the European parliamentary systems, each parliamentary level – and within the same parliamentary level each parliament – pursuing and trying to maximize its own particular interest disregarding the composite framework emerging from the convergence or the clash amongst national interests and between them and the supranational one. This is a specific problem for the governance of the Euro Area, which is dominated by a logic of inclusion vs. exclusion and by several cross-sectional cleavages within.

The article then moves on to critically assess the different ideas put forward to enhance parliamentary accountability in the Euro Area, their advantages and disadvantages. These proposals, examined according to the level of institutional and constitutional change their implementation would entail – from the least to the most “revolutionary” – range from: strengthening national parliamentary control on domestic executives; enhancing the role of national parliaments at the EU level; turning interparliamentary cooperation into a form of joint decision-making or scrutiny; proceeding to an internal differentiation of the EP; making the EP a real transnational assembly through a uniform electoral procedure; setting up a Parliamentary Assembly for the Euro Area.

A constitutional assessment of the pros and cons of each of the main “treatments” advanced to fix the democratic accountability problems in the Eurozone can lead to the formulation of some conclusions. First of all, it seems appropriate to pursue an incremental strategy by investing in parallel and, possibly, in a coordinated manner, on those proposals that do not raise the already high level of complexity of the institutional framework by creating a Third (parliamentary) Chamber of national parliaments – a *déjà vu* of the pre-1979 situation – or a new Parliamentary Assembly of MEPs and Eurozone MPs from scratch. Secondly, the proposals that further strengthen the representation of national interests at the EU level can be put aside in that they risk over-emphasizing national divides and conflicts rather than fulfilling the common interest of the Eurozone or of the EU. By contrast, there seem to be no objections to improve the domestic mechanisms of parliamentary accountability on national governments also using the tool of interparliamentary cooperation to exchange the best practices and to favor a process of mutual learning amongst parliaments. A moderate form of joint parliamentary scrutiny of the Eurozone fragmented executive, though departing from the interparliamentary conference model, could help to reconnect together the outcomes and the findings of the scrutiny procedures put in place by 28 national parliaments individually and by the EP, each of them able to monitor the executive from its own particular institutional standpoint.

All in all, building on these accountability mechanisms just described, it is considered that the bulwark of the democratic scrutiny of the Euro Area institutions and bodies can still remain the EP, with a series of adaptations: 1) The EU and the Euro Area do not have a completely different and detached institutional framework. That of the Euro Area largely builds upon the European one, with some remarkable additions, like the ECB, the Euro Group and the Euro Summit. 2) Since the Treaty of Lisbon, the EP, further empowered, represents the EU citizens, not the peoples of the Member States reunited together, and every EU citizen, even from a non-Euro Area country, can vote and run for the European elections in a Member State different from their country of origin. 3) The principles of free mandate and of equality amongst MEPs prevent any structural differentiation of their status that could undermine the integrity and indivisibility of the institution. 4) The representation in the EP has a strong symbolic value, of inclusiveness, promotion of pluralism and aspiration to transnational political cooperation as the work of the parliamentary groups confirms. 5) The EP (together with the Commission) can balance the dominance of national interests and of asymmetric interests by groups of States, already well represented in the many intergovernmental instances governing the Euro Area. 6) The EP is in a much better position than any other parliamentary body in the Union and in the Euro

Area to hold the ECB accountable to the extent to which accountability of such an independent institution can be practiced. 7) Last, but not least, there might be several practical hurdles in managing “Eurozone-only” dossiers, not simply because *de iure* or *de facto* it is extremely difficult to identify proposals or provisions that only affect the Euro Area (and who should certify their nature in the EP), but due to the fact that not all countries outside the Euro Area have the same status. If the strategy of the EP’s internal differentiation is pursued, then within the same procedure some MEPs should recurrently step in and others step out, and it should be decided whether this would apply only to the voting stage or also to the debate, which would be particularly problematic.

That said, the EP is far from being a perfect institution to this end. Waiting for the “constitutional moment” when a uniform electoral procedure, an EU-wide cross border constituency and transnational lists are adopted, based on Art. 223 TFEU, some adjustments can be made in the meantime. It is undeniable that, as it stands, the EP is “contaminated”, since its formation, by national interests and politics at the time of the elections and national delegations will probably always exist informally in this Parliament. However, there are avenues under the existing rules of procedure to strike what seems to be a fair balance between protection of the EU-wide interest and interests of the citizens living in the Euro Area. For example, key positions related to Euro Area-only dossiers like rapporteurs and Committee chairmanships can be assigned just to MEPs coming from the Eurozone. A Eurozone sub-committee, with MEPs elected in the Euro Area, could be established within the ECON Committee to prepare and orient the work of the full Committee and of the Plenary, and can be asked for opinions but without receiving any veto power. This Eurozone sub-committee, perhaps also inviting representatives from the national parliaments of the Eurozone countries, would become the parliamentary body that in the framework of the ECON Committee’s activities instructs and provides for the political direction on any purely Eurozone-oriented decision. This soft and informal mechanism of differentiation also avoids the problem, faced by the EVEL, of how to count different majorities – of the EP in full composition and of the EP in Eurozone composition – whose formation might be triggered by creating structured mechanisms of differentiation in the voting system.

These adjustments inside the EP would not affect the contribution to the democratic accountability of the Euro Area that national parliaments of the Eurozone countries can individually offer as well as through interparliamentary cooperation. For instance, in contrast to the current practice, the participation of national parliaments in this cooperation could well be limited to Eurozone

legislatures only, given the presence of the EP representing all EU citizens at the same time.

To conclude, the “youth” of the EU democracy, and even more so of the Eurozone, and of the parliamentary involvement in the EU affairs with a substantive role can explain why there are not (yet) refined mechanisms of democratic accountability of the Euro Area. As has been argued in relation to the EP, national governments and EU institutions, also intergovernmental in nature, have strategic interests in strengthening the powers of Parliaments, for the sake of their own legitimacy.¹⁰⁹ It is a process that takes time, though, and while it is suggested here that the anchor for an improved parliamentary accountability of the Eurozone should probably remain the EP, the role of national parliaments cannot be disregarded. Domestic legislatures are able to channel the points of view of the national polities, notably of the minorities, in the EU debate. From this perspective, national parliaments also need to be built as Europe’s Parliaments trying to connect their activity not just with their governments, and occasionally with EU institutions and bodies, but also with their European counterpart, the EP.

¹⁰⁹ See B. Rittberger, *Building Europe's Parliament: Democratic Representation Beyond the Nation State*, Oxford University Press, 2005, Part II.