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► **To cite this version:**

Nathalie Brack, Olivier Costa, Amandine Crespy. The “T-Dem” for Democratizing the Europe’s Economic and Monetary Union – A Critical Appraisal. *European Papers*, 2018, 3 (1). halshs-01792549

HAL Id: halshs-01792549

<https://shs.hal.science/halshs-01792549>

Submitted on 15 May 2018

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OVERVIEWS

THE “T-DEM” FOR DEMOCRATIZING THE EUROPE’S ECONOMIC AND MONETARY UNION – A CRITICAL APPRAISAL

TABLE OF CONTENTS: I. Introduction. – II. An intergovernmental parliamentarisation of the Euro area. – III. A new economic Constitution. – IV. Two sets of practical issues. – V. Conclusion: dark matters and alternative paths.

I. The Treaty on the democratisation of the governance of the Euro area (T-Dem) is both important and welcome. With their proposal for a Treaty on the democratisation of the governance of the Euro area, Stéphanie Hennette, Thomas Piketty, Guillaume Sacriste and Antoine Vauchez feed the crucially important, existential debate on the future of the European Union. This discussion as such is not new: democracy has been central in the debates on the EU legitimacy and the democratisation of the Eurozone has surfaced sporadically over the last 5 years, amongst scholars and political actors alike.

However, the authors of the T-Dem seek to open the door for a “fourth way” which is (arguably) more constructive and desirable than the stance of those who seek to muddle through the status quo, those who call for (some more explicitly than others) a *tabula rasa*, by abolishing supranational integration and reinstating international cooperation in Europe, and those who envision a federalist EUtopia, a Europe of democracy and solidarity shaped from the bottom up by citizens. This is a seductive vision which nevertheless seems, in many ways out of reach. In the current climate where EU affairs are increasingly polarizing political actors and citizens alike, we find it important to have a progressive reformist proposal which seeks to reconcile European integration and democracy. Too many social scientists, especially among specialists of EU integration, remain in their academic ivory towers observing the day-to-day functioning of the EU or, at best, making sceptical comments on the proposals for reform supported by politicians or practitioners. In today’s dramatic times, where the political endeavours of the past 60 years could be undergoing a slow demise, it is more important than ever for scholars to engage with – admittedly more normative – political debates in a perspective that constructively puts forward both specific and ambitious reform proposals, designed to meet the acute challenges the EU is facing.

Furthermore, we welcome that the four scholars take this seriously enough to propose an actual draft treaty. This gives some fresh air to the debate on the future of the EU and reminds us that treaties are not set in stone. It is a brave way to engage with these discussions in the sense that, such a text which tries to imagine from scratch a

new constitutional order (or parts of it), is likely to be criticised from all sides, and not least from the three camps (*status quo*, *tabula rasa*, EUtopia) mentioned above. The EU was often described as a “conservative” political system,¹ in the sense that its complex and unique features make it very hard to reform. The treaty reforms since the 1990s have evidenced this difficulty. In this regard, the T-Dem is part of an experiment which we expect to take place *in vivo*. We can also only welcome that the team authoring the T-Dem offers a pluri-disciplinary perspective on the matters at stake, with expertise in political science, economics and law. We see it as an attempt to challenge the exaggerated ownership of economists towards these issues, especially as far as the Economic and Monetary Union (EMU) is concerned. Asserting that democracy is the most pressing issue for the EU also means that alternative arguments offered by a large pool of social scientists should be heard.

It is easy and tempting to reduce the T-Dem to its key idea, namely the creation of an assembly composed of (mainly) members of national parliaments and which would control the policies adopted in the Euro area. Yet, the main thrust of the present commentary argues that it goes far beyond this – admittedly central – idea since it formulates proposals which, if adopted, would fundamentally change the EU’s political and economic order. This, not surprisingly, makes them at the same time bold and problematic.

In the first two sections of this *Overview*, we will argue respectively that the T-Dem envisions a new parliamentary-intergovernmental political order as well as a new economic constitution for the EMU. We then move on to assess the practical issues we identify in the T-Dem in section 3. While we do not adopt the perspective of its political feasibility, we believe that discussing some practical institutional and legal implications of the T-Dem shed light on its desirability. It also addresses some unintended but potential effects of the creation of a parliamentary assembly of the Euro area. In the last section, we identify where the T-Dem could be further elaborated and claim that, given the difficulties identified in the T-Dem, we favour the alternative which consists of empowering the European Parliament (EP).

II. The T-Dem proposes to grant the parliamentary Assembly of the Euro area the power to fully govern the Euro area by strategically taking up the EU’s legal vocabulary and categories and by calling for “democratic conditionality” for example.

Insofar, the authors aim to tackle the structural weakness of parliamentarism in the multi-level European order.² A large body of research shows that, notwithstanding im-

¹ P. MAGNETTE, *Le régime politique de l’Union européenne*, Paris: Presse de Sciences Po, 2009.

² C. HEFTLER, C. NEUHOLD, O. ROZENBERG, J. SMITH (eds), *Palgrave Handbook of National Parliaments and the European Union*, Basingstoke: Palgrave, 2015; K. NEUNREITHER, *The Democratic Deficit of the European Union: Towards Closer Cooperation between the European Parliament and National Parliament*, in *Government and Opposition*, 1994, pp. 299-314; N. LUPO, C. FASONE (eds), *Parliaments in the Composite Euro-*

portant variation across national policies, European executives have gained autonomy *vis-à-vis* the legislative branch as national competences have been transferred to Brussels. Despite the constant empowerment of the EP and the greater involvement of national chambers in the EU policy making process over time, many key-decisions regarding European integration and EU policies remain in the hands of national executives – within the Council, the European Council and the Eurogroup. Those decisions are not subject to the control of the EP and most national legislatures prove unable to hold executive leaders accountable for their EU policy. Furthermore, the reforms of the EMU's governance introduced in the turmoil of the financial crisis, and in its aftermath, have clearly marginalised the EP and stopped the development of its powers.³ The European Council has clearly exceeded its role in the management of the crisis, since the Art. 15, para .1, TEU states that it "shall not exercise legislative functions". Several studies have stressed the dominance of the executives in the (post)crisis management of the economic governance, leading to an erosion of representative democracy in the EU.⁴ Thus, the imbalance between the executive and the legislative powers regarding European affairs, which led to the theorisation of the democratic deficit in the 1980s, is still there, despite the claim that "the functioning of the Union shall be founded on representative democracy" (Art. 10 TEU) and the new definition of the EP's role.⁵ It is very clear that over the past decade, the politicisation of EU issues, especially on economic and budgetary policies, has taken place without a democratisation of the policy-making process as the EP has been side-lined in favour of intergovernmental solutions.

To address these flaws, the authors of the T-Dem propose to put the new Assembly of the Euro-area on an equal footing with the Eurogroup. They go even further by granting it stronger powers than the Eurogroup, in particular the capacity to propose legislation (right of initiative) and a new ordinary legislative procedure where the Assembly can eventually have the final say in case of disagreement with the Eurogroup. This prevailing prerogative of the former over the latter, also holds for the adoption of the Euro area's bud-

pean Constitution, Oxford: Hart Publishing, 2016; C. SPRUNGK, *A New Type of Representative Democracy? Reconsidering the Role of National Parliaments in the European Union*, in *Journal of European Integration*, 2013, pp. 547-563.

³ N. LUPO, C. FASONE (eds), *Parliaments in the Composite European Constitution*, cit.; C. FASONE, *European Economic Governance and Parliamentary Representation: What Place for the European Parliament?*, in *European Law Journal*, 2014, pp. 164-185; B. RITTBERGER, *No Integration without Representation. European Integration, Parliamentary Democracy and the Two Forgotten Communities*, in *Journal of European Public Policy*, 2006, pp. 1211-1229.

⁴ B. CRUM, *Saving the Euro at the Cost of Democracy?*, in *Journal of Common Market Studies*, 2013, pp. 614-630; J. HABERMAS, *The Crisis of the European Union in the Light of a Constitutionalization of International Law*, in *The European Journal of International Law*, 2013, pp. 335-348; B. RITTBERGER, *Integration without Representation? The European Parliament and the Reform of Economic Governance in the EU*, in *Journal of Common Market Studies*, 2014, pp. 1174-1183

⁵ "The European Parliament shall, jointly with the Council, exercise legislative and budgetary functions. It shall exercise functions of political control and consultation as laid down in the Treaties [...]", Art. 14 TEU.

et (in a similar fashion as the EP's powers on the annual budget of the EU). Finally, they consider that the Assembly should also draft the budget of the Euro-area, which exceeds in respect by far the existing competences of the EP and of most legislatures.

While seeking to strengthen European parliamentarism, the proposal is likely to reinforce above all the current intergovernmental nature of the decision-making process. The creation of an assembly made essentially of national Members of parliament (MPs) (precisely 4/5 of the either 130 or 400 Assembly's members). The authors claim that such an Assembly would better reflect the political spectrum as it would, for instance, now lean towards the left, but this is very much dependent on the context and the electoral cycle in each Member State. We believe that the Assembly is bound to reflect the same balance of power between political forces than the ones in the Eurogroup. If the Liberals, for instance, are in power in a given Member State (thus sending a liberal minister to sit in the Eurogroup), they will also have the greater number of seats among those allocated to that country within the Euro-area Assembly. Thus, only the fact that opposition would also be represented and that seats would be allocated in proportionality with Member States' populations, would introduce a change with regard to the constellation in the Eurogroup. We expect that most of the time this effect will be weak and the Assembly, composed of national MPs, will strengthen the structuring of political conflict along national lines, hence making EU more intergovernmental. One can expect MPs to have another approach than ministers to manage the Eurozone, but it is not very likely that MPs of a given country would take a position frontally opposed to that of their government; especially if they come in majority from the same party and if national interests are at play. In exceptional highly contested situations (such as discussions about the Greek bailout in Germany), national parliaments can stand up against their government, but this is the exception not the rule.

This, in fact, reflects a fundamental difficulty with the T-Dem. In a bicameral federation, like the US or Germany, the higher house of parliament represents federal states at national level, while the lower house represents citizens. The EU can be seen as a (genuine) type of bicameral system where both the Council and the EP share legislative powers with the former being the upper house representing territories and the latter being the lower house representing functional interests through political groups across Europe.⁶ This is clearly acknowledged by Art. 10 TEU that mentions a double logic of democratic representation: direct in the EP, and indirect in the Council. The EP can also be described as a supranational chamber in regard of three evolutions. First, European elections are increasingly "integrated" because of the convergence of electoral rules applied in each country, the growing role played by European parties (especially with the *Spitzenkandidaten* procedure) and of the allocation of seats that better takes into ac-

⁶ A. KREPPPEL, *Looking "Up", "Down" and "Sideways": Understanding EU Institutions in Context*, in *West European Politics*, 2011, pp. 167-179.

count the demography of Member States. Second, Art. 14 TEU now states that the EP represents European "citizens", and no longer European "peoples" (Art. 189 TEU, as after the Nice Treaty). Third, the EP has constantly claimed the "generality" of the European parliamentary mandate, meaning that all MEPs participate in deliberations about policies for which opt-outs exist.⁷ The EP is thus increasingly called to represent citizens, and not Member States, even if European elections remain organised at the national level. The current discussions about the possibility to use part of the 73 British seats to create transnational lists for the 2019 elections follow the same trend.

The architecture put forward in the T-Dem would, on the contrary, gear the system towards the representation of territorial – here national – interests. Indeed, although the authors expect a socialisation of national MPs within the newly formed assembly, one can see from the EP's experience that this effect is quite limited when it comes to positions and votes. Nationality remains a key factor to understand legislative politics in the EP, especially on sensitive issues, even if this dimension is generally managed by political groups, and thus not very obvious in the public deliberations. If MEPs are supposed to represent European citizens and their political ideology, in practice, nationality does also matter.⁸ We can therefore expect that national MPs will rather decide along national lines in a new assembly, especially when it comes to national budgets and national economic policies.

In a nutshell, the authors proposed that the T-Dem should be an intergovernmental Treaty like the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG, also called Fiscal Compact) and the European Stability Mechanism (ESM) thus further reinforcing intergovernmentalism at the root of the envisioned democratizing movement (this has further implications which we discuss below).

III. A second key dimension of the T-Dem is that alongside institutional reforms, it also implies far-reaching change in the socio-economic order of the EU. Whilst the existing EU Treaties (including the intergovernmental treaties) can be seen as constitutionalizing an *ordo-liberal* socio-economic order, the vision developed in the T-Dem tilts the balance towards a new order emancipated from the debt and inflation taboos.

A series of articles in the T-Dem grants the Assembly of the Euro area and the Eurogroup the right to vote over the financial assistance facility in case where the stability of the Euro area has to be preserved, like in 2010. The Assembly also takes the control of the procedures which are now falling under the surveillance cycle of the European Semester, namely the discussion of the Alert Mechanism report⁹, the monitoring of national draft budgets, and recommendations for structural reforms (including their implementation). It

⁷ O. COSTA, *Les députés européens entre allégeances multiples et logique d'institution*, in *Journal of European Integration*, 2002, pp. 91-112.

⁸ J. PIRIS, *The Future of Europe: Towards a Two-speed EU?*, Cambridge: Cambridge University Press, 2012.

⁹ For more information on the Mechanism, see ec.europa.eu.

is worth noting that the T-Dem does not mention the possible sanctions foreseen by the current legislative framework in the context of the Macro-Imbalance Procedure (MIP)¹⁰ and the Excessive Deficit Procedure¹¹. This notable absence is ambiguous: does it mean that the sanctions should not exist in the new envisioned economic order, therefore pointing to the kind of non-legally binding approach to fiscal coordination which had prevailed with the original Stability and Growth Pact (SGP)¹² from 1997? Or does it mean that the Assembly should have no say in the possible adoption of sanctions?

Overall, we find the further involvement of a parliamentary assembly in the convergence and coordination of national economies key with regard to ownership and democratic issues. First, it is the Member States – thus the governments – who are in charge of adopting policies to reach the objectives; thus it makes sense to balance this situation by the involvement of a representative assembly in the process. Also considering the importance of the decisions taken within the Eurogroup for each Member State involved, there is a need for a salient public debate legitimizing these decisions and fostering their actual implementation. Yet on-going research shows that, at the moment the coordination procedures remain a bureaucratic exercise and that ownership is strong among national administrations but much weaker among social partners and national parliaments,¹³ not to mention ordinary citizens.

Another key proposal of the T-Dem is the creation of a budget of the Euro area financed by corporate tax, the base and rate of which would be determined by the Assembly. It seems that this is the only resource foreseen for the new Euro area budget. While the creation of new home resources is necessary, we suggest to also think about including existing ones, for instance the amount of the cohesion funds currently received by members of the Euro area. It seems wise that a budget should not rely on one tax alone. This proposal for a new corporate tax should be included in a boarder reflection over the way to share budgetary powers between the Assembly of the Euro Area and the EP. Again, this is part of the coming debates about a far-reaching reshuffle of the EU budget, and the proposal could benefit from a better connection with ongoing debates on the EU's own resources (see for instance the proposals from the Monti group including ideas on a EU-wide environmental tax, financial tax or a tax on fuel). All of this is in line with the idea that the Euro area and its budget aim at improving social cohesion and convergence.

The same article stipulates that the Assembly and the Eurogroup vote to “pool public debts exceeding 60 per cent of each Euro Area Member State's GDP”. This would be a major breakthrough which, as such, relates more loosely with the idea of democratizing the Euro area. The T-Dem provides no further information on which mechanism or poli-

¹⁰ For more information on the Macro-Imbalance Procedure, see ec.europa.eu.

¹¹ For more information on the Excessive Deficit Procedure, see ec.europa.eu.

¹² For more information on the Stability and Growth Pact, see ec.europa.eu.

¹³ P. VANHEUVERZWIJN, A. CRESPIY, *Macro-economic Coordination and Elusive Ownership in the European Union*, in *Public administration*, forthcoming.

cy should make this possible. From a formal point of view, it is surprising that such core and fundamental reforms such as the set-up of the budget and the mutualisation of debt are somehow hidden in an article on "Exercise of legislative competence". For these reasons, one may wonder whether the latter proposal in particular should really be included in the T-Dem and whether the authors should choose their battle: by including it, they possibly weaken their institutional reform proposals. At the very least, the explanatory statement should provide for the rationale underpinning the connection between democratisation and the mutualisation of debt, and the proposition should be fleshed out more in a dedicated article. If part of the debt is to be pooled for instance, one would like to know whether and how its reimbursement shall be performed via the above-mentioned budget of the Euro area.

Last but not least, the T-Dem sees a fundamental change in the way in which the European Central Bank (ECB) is currently operating. If our reading of Art. 10 is correct, it goes far beyond a simple political "dialogue". Rather, by voting for a resolution on "the interpretation of the price stability objective and the inflation target" and "approving by vote the annual report of the European Central Bank on the Single Supervisory Mechanism", it seems that the ECB would be largely supervised by the Assembly. This questions fundamentally the sacrosanct independence *vis-à-vis* majoritarian institutions. The logic of agency is at the basis of the creation of the ECB – and of most central banks – and is enshrined in the treaties. While questioning this could be a desirable objective as such (given that the ECB does not enjoy sufficient legitimacy to play a key-role in the coordination and monitoring of Member States' budgetary policy), it seems again, oddly hidden in a short article rather than fully elaborated and endorsed by the authors.

IV. In our view, the T-Dem raises two series of issues relating to the composition of the envisioned Assembly as well as to legal/constitutional issues.

a) The proposed composition of the Parliamentary Assembly of the Euro area seems problematic in several respects.

First, while the French National Assembly for instance, has 577 members and the EP 751, the authors of the T-Dem propose an assembly composed of 400 members¹⁴ which seems a very low number for a multi-national assembly. Since Art. 4 stipulates that one fifth of its members emanate from the EP, this would leave 320 members to represent 19 countries (for now), considering both the population and political groups. With an average of 5.5 seats or 16 seats by country and given that national parliaments have usually between 5-8 groups, this would mean that smaller groups cannot send representatives to the Assembly, which seems problematic from a democratic point of

¹⁴ In other versions of the T-Dem proposal, the authors even suggest an Assembly restricted to 130 members. Cf. S. HENNETTE, T. PIKETTY, G. SACRISTE, A. VAUCHEZ, *Pour un traité de démocratisation de l'Europe*, Paris: Seuil, 2017.

view. It seems therefore essential to include a large and pluralist sample of political actors to ensure the legitimacy of the decisions taken at the EU level.

Furthermore, the proposal assumes one main cleavage to be central: the left/right divide. While it has been true for a long time, recent research shows that the pro-/anti-EU cleavage is increasingly relevant at the European level, especially when dealing with economic and budgetary issues.¹⁵ In recent times, Social Democrats and Christian Democrats have voted together in around 90 per cent of the cases, especially because of the pressure exerted by a growing number of Eurosceptic members. After the 2014 elections, this tendency has been formalised by the emergence of the “block”: for the first time since the creation of the EP, three political groups (European People’s Party – EPP, Progressive Alliance of Socialists and Democrats – S&D, and Alliance of Liberals and Democrats for Europe group – ALDE) have indeed decided to form a *de facto* coalition. This agreement was challenged in December 2016 as the new EP President was elected without the votes of the Social Democrats. Those groups continue nevertheless to vote along in most cases. This gives a strong indication that that an Assembly of the Euro area would not likely work mainly along the left-right cleavage.

The problem of the allocation of seats is even more acute as far as the involvement of MEPs is concerned. A fifth of the assembly amounts to 80 seats. With currently eight political groups and 19 national delegations, one cannot understand how a fair representation would be possible. This raises major questions with regard to the link between constituencies and seats and would require a major change in the way in which we conceive representation at supranational level. Moreover, it would also fundamentally raise questions as to the democratic legitimacy of the delegations from the EP. We see from the trilogues which take place in the framework of the ordinary legislative procedure, that the involvement of only a limited number of delegated MEPs in the decision making process further increases the influence of larger and dominant political groups, thus affecting the representativeness of these small delegations.

Creating a new institution in the already very complex European political system certainly generates an additional bureaucratic burden and we understand the point in limiting the number of members of the new assembly. Yet, there is not really a way to go around an important number of seats if the objective is to ensure fair representation and the respect of Member States’ demography (see below). The cost associated with the creation of a new parliamentary assembly may well also be a major weakness of this proposal.

Second, the authors propose to step away from degressive proportionality used so far to determine the number of seats in the EP. Although this calculation system is by far not the panacea, it has the merit of ensuring a fair representation of smaller Member States and of allowing the general use of proportional representation. In the cur-

¹⁵ S. OTJES, H. VAN DER VEER, *The Eurozone Crisis and the European Parliament's Changing Lines of Conflict*, in *European Union Politics*, 2016, pp. 242-261.

rent proposal of the T-Dem, the four largest Member states (France, Germany, Spain and Italy) would have the majority of the seats (around 57-58 per cent), namely 228 out of 400 members. Such a potential permanent domination of large Member states seems problematic, especially if, as we mentioned earlier, there are doubts that MPs would be able to consider Euro area issues from a European perspective rather than their customary national lenses.¹⁶ It is even less judicious as one of the recurring criticism throughout the Eurozone crisis has been the domination of Germany or the double standards (in favour of large Member States) applied by the EU institutions when deciding over breaches of the Stability and Growth Pact. Moreover, this approach of the share of seats would limit the representation of smaller states, like Malta and Luxembourg, to one MP. This does not make sense if proportional representation of political forces is the rule, and it would increase the tendency of those MPs to act along national lines, in coordination with their government.

A last issue regarding the composition of the chamber relates to the election or nomination of the MPs. The T-Dem does not stipulate how they would be selected and whether they would keep a dual mandate. If so, this would be a step bringing us back to the pre-1979 situation where parliamentarians had to combine a national and a European mandate. While, in theory, it was supposed to maintain the link between citizens and Europe through those parliamentarians, in practice it was inefficient because of their lack of involvement at European level. It is not realistic for politicians to be fully involved in two assemblies: inevitably one of the two mandates suffers. So, assuming national MPs in the Eurozone parliament would still have to fulfil their national mandate and in most cases be concerned about their re-election, it goes beyond the limits of feasibility. A potential reduced involvement of MPs in the Assembly of the Euro area also creates a higher risk of sensitivity to lobbying, which would be a major issue in terms of legitimization. Finally, at a time when the holding of multiple offices is challenged even in the countries where this possibility has been tolerated and pervasive (France, Belgium), creating a new assembly based on the principle of a dual-mandate does not seem in line to current citizens' concerns. However, if MPs were to be elected solely for representing their constituency in the Assembly of the Euro area, their added value compared to MEPs in terms of connection with the national space would be less clear. One would also then wonder whether an indirect election (through national parliaments) is indeed more likely to bring legitimacy to the EU economic governance compared to a direct election as it takes place for MEPs.

b) A second main difficulty we see in the T-Dem relates to its legal/constitutional implications.

¹⁶ See also S. VERHELST, *The Sense and Nonsense of Eurozone level Democracy*, Egmont Paper, no. 70, 2014.

We are not lawyers and do accept that decision makers and treaty framers have consistently proved creative from a legal point of view once they had agreed on a political objective. Yet, two aspects raise important questions.

In the explanatory statement, the T-Dem is presented as a “complement” to the existing EU as well as other intergovernmental treaties. Yet, many provisions in the T-Dem clearly clash with some fundamental aspects of the existing treaties. This is the case for the mutualisation of debt, the creation of a new ordinary legislative procedure (or does it imply a reform of the existing one within the EU treaties?), the new operating of the ECB etc. With respect to the article relating to the ECB for example, the phrase “in compliance with the Treaties on which the European Union is founded” seems void since the proposed reform fundamentally questions the principles established in the EU Treaties. Therefore, the adoption and implementation of the T-Dem does *de facto* require a reform of the EU treaties. This goes against the authors’ key point that a modification of the EU treaties is currently not possible, and that the adoption of the T-Dem by the 19 members of the Eurozone would be easier. In fact, the adoption of the T-Dem and modification of existing treaties would be needed, and so would be the consent of the 8 member states who are not currently participating in the Euro.

Finally, the ratification method suggested in Art. 20 should help overcoming possible vetoes from certain member states. If the T-Dem could be adopted, as foreseen, by only 10 out of 19 members (representing at least 70 per cent of the Euro area’s population) this would create a reinforced cooperation within an already reinforced cooperation. Art. 21 states that it should be enforced only “in the contracting parties which have ratified it”. But, if we interpret both articles correctly, it is virtually impossible to apply most of the foreseen provisions (Assembly, budget, pooling of debt, control of ECB, etc.) only in some Euro countries and not others, as a Monetary Union must operate uniformly. This imposes a requirement of unanimity which cannot be ignored. Another possibility is, of course, to decide that the T-Dem shall be applied everywhere once ratified by at least half of the Member States (representing at least 70 percent of the population). But, in that case, the threshold is too low given what is at stake, and, in fact, there would certainly be no political will to engage with such a procedure and no legal way to enforce it.

V. To conclude this discussion, we would like to stress why we find that further elaborations of the T-Dem should shed more light on two areas in particular, namely the new economic constitution it seems to imply, on the one hand, and the issue of the interactions between the new Euro area Assembly and the EP, on the other.

As we have already argued above, the T-Dem would gain in persuasion if the bold innovations relating to the Euro area’s economic constitution were more consistently elaborated. Furthermore, we would find it interesting if the drafters of T-Dem took a stance in the crucial debate which is currently developing on the future of the EU. There are basically two approaches on that respect, starting from the same initial observation: the EU is

currently deeply divided between the 19 and the 8, and this situation is no longer sustainable, as it implies economic dumping between the West and the East, due to asymmetric budgetary obligations and huge discrepancies in terms of labour costs. Hence, J.-C. Juncker proposed to integrate all EU members in the Eurozone, so as to subject them to the same obligations and to favour a convergence of their economies and social policies, and to integrate in the EU treaty the main provisions of the fiscal compact (see his discourse on the state of the Union – 16 September 2017 – and his communication of the 6th December 2017)¹⁷. E. Macron, on the contrary, proposed to institutionalise a multi-speed Europe, and to develop new policies within the Euro area (Sorbonne, 26 September 2017)¹⁸. Since its purpose is to promote convergence and social cohesion, it seems important to know whether the T-Dem is meant to apply to 19 or 27 Member States.

Furthermore, we see the issues surrounding the EP as the main problem area of the project. Besides the fact that one fifth of the seats in the new Assembly of the Euro area should be allocated to MEPs, Art. 3, para. 2, mentions that the Assembly "shall work in close cooperation with the European Parliament" without further specification. The creation of a new assembly would have major implications with regard to, for example its established prerogatives in the framework of the European Semester or in the adoption of the EU budget. The question therefore arises as to whether the EP should be "stripped" of some of its competences. It also relates to the issue of interparliamentary cooperation within the EU. So far, it has been less than a successful endeavour as national parliaments and the EP see themselves more as competitors than as potential allies.¹⁹ The EP has always been reluctant to embrace the involvement of national parliaments and the recent efforts of interparliamentary cooperation in the field of economic governance have been far from efficient.²⁰ It is difficult to imagine that this will change with the creation of a new assembly.

More fundamentally, the creation of a new assembly involving the large majority of the EU's Member States (19 out of 27) raises the question of the overall philosophy of Europe's political system. Would it be possible to re-conceive such parliamentarism in terms of upper and lower houses? In the envisioned constellation, legislative competences would be fragmented across four institutions instead of three, even five considering the Eurogroup as an additional, new institution emanating from the Council. The EU would also be equipped with no less than 5 chambers: the EP, the Council (described by the Lis-

¹⁷ See European Commission: *President Jean-Claude Juncker's State of the Union Address 2017*, 16 September 2017, europa.eu; *Commission sets out Roadmap for deepening Europe's Economic and Monetary Union*, 6 December 2017, europa.eu.

¹⁸ See Elysée, *Initiative pour l'Europe – Discours d'Emmanuel Macron pour une Europe souveraine, unie, démocratique*, 26 September 2017, www.elysee.fr.

¹⁹ N. LUPO, C. FASONE (eds), *Parliaments in the Composite European Constitution*, cit.

²⁰ D. FROMAGE, *European Economic Governance and Parliamentary Involvement: Some Shortcomings of the Article 13 Conference and a Solution*, in *Les Cahiers européens de Sciences Po*, 2016, pp. 1-20.

bon treaty as a legislative organ), the Committee of Regions, the Economic and Social Committee, and the new Assembly of the Euro area. Implementing the T-Dem's proposal would undeniably make the overall institutional architecture of the EU more complex and this is bound to have political costs in terms of accountability, expenditures, and intelligibility of the system – and thus legitimation. It will also contribute to further institutionalise the differentiated mode of integration, but this time at the parliamentary level. The Euro-zone is not the only example of differentiated integration and therefore is not the sole area where a subgroup of states is involved (Schengen, EU citizenship, enhanced cooperations etc.). It could thus open the way to parliamentarism *à la carte*.²¹

An easier, alternative path to the T-Dem would consist in empowering the EP with the type of competences foreseen for the Assembly. Some propose to empower an enlarged version of the Committee on Economic and Monetary Affairs (ECON). Another, simple, option would be to allow the EP to seat in a “Euro” configuration, that is only with the MEPs pertaining to the Euro area, and thus challenging the principle of the generality of the EU parliamentary mandate. This would be possible with a minor revision of the EU treaties and of the internal rules of the EP, and at a low symbolic and financial cost.

In parallel, national parliaments could be granted further competences with regard to key aspects of the Euro area governance. Having systematic and detailed information about the discussions going on in the Eurogroup and the EP-Euro would allow national chambers to better control the Euro-policy of their respective government. They could be granted rights similar to those which they already own in the framework of the Area of Freedom, Security and Justice (Art. 69 TEU) and for the Police Cooperation (Art. 81 TEU). Finally, the Conference of Parliamentary Committees for Union Affairs of Parliaments of the European Union (COSAC) could also meet in a “Euro” set-up, so as to favour a good communication between national parliaments and the EP-Euro.

While less bold and (arguably) less likely to create a “political shock” in the EU political system, we believe that most – if not all – the objectives spelled out in the T-Dem could be achieved in a more efficient way through this path.

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²¹ C. FASONE, *European Economic Governance and Parliamentary Representation*, cit.

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