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The issue of legitimacy - EU action in selected policy areas

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Abstract

The question of EU democratic legitimacy has been raised in connection with referenda, turnout in European Parliament (EP) elections and, more recently, in relation to the Eurozone crisis. Views on legitimacy deficit range from "no deficit" to "double deficit". Often they reflect diverging understandings of democracy or are discussed by analogy to national political systems. Sources of legitimacy refer to input (participation), output (outcome) or throughput (decision-making process); they are located at member state or EU level. The question is to what extent these approaches are appropriate for analysing the EU political system with its peculiarities, complexities and multi-level nature and whether a combination / interaction of different sources are at play. Concepts and insights from the academic debate will be used to analyse two policy domains: EMU and CSDP. At first sight the two areas are very dissimilar and thus a common examination seems counter-intuitive. EMU is one of the most integrated policy areas; ECB is a supranational institution, while other institutions also intervene; the recent crisis has shown the shortcomings of Eurozone governance and has triggered controversy and policy proposals, including on democratic quality. CSDP is one of the least integrated policy areas following standard criteria; ruled by the inter-governmental method its legitimacy stems essentially from the national level; issues such as power distribution between executives and parliaments, but also constraints / requirements linked to EU defence cooperation need to be addressed. The paper will explore aspects of legitimacy in the two policy areas and examine whether insights can be gained from a parallel investigation despite differences in the institutional setup and whether a combination of different sources could ensure legitimacy which is essential for the long term viability of policies at European level.

Key words: EU; legitimacy; EMU; CSDP; comparative case study

I. Introduction

The question of EU democratic legitimacy has been discussed in connection with referenda, turnout in EP elections and, more recently, in relation to the Eurozone crisis. Views on democratic deficit range from "no deficit" to "double deficit". For some analysts the democratic deficit of the EU is a false problem in the sense that – either the EU does not need to be democratic as it operates as a consensus system – or the EU is already sufficiently

democratic as it is under the supervision of member states – or a more democratic Union is undesired as democracy should continue to operate at the national level (Lord 2008, 317). More prominently this argument has been made in form of the EU democratic deficit being a "myth" (Moravcsik 2008) based on six alternative definitions (EU as a super state, as a technocracy, as lacking electoral accountability, in view of referendum defeats, due to low public participation and voters' disempowerment). In an admittedly provocative manner it has even been suggested by former President of the European Council looking back after five years in office that "the Union is over-democratised" (van Rompuy 2015). On the other hand, it has been argued that a democratic deficit already exists at the national level when it comes to positions taken by government representatives at EU level, which then amounts to a "double deficit" in these cases.

It seems that diverging views reflect different understandings of democracy; or are discussed by analogy to national political systems which obviously would not do justice to the EU system. Against a vast literature on the subject and the many facets when analysing such a fundamental issue for the functioning of political systems, the scope of this paper is narrowed down to addressing the issue from the perspective of two concrete policy areas. The euro crisis and the enacted or planned reforms aimed at enhancing Eurozone governance call for a fresh look from the legitimacy angle. The increased instability and conflict in the EU's East and South neighbourhood represent formidable challenges for the security and defence policy and may sooner or later call for action. The approach chosen here is a comparative case study as a way of applying theoretical concepts and testing in particular the idea that different sources of legitimacy could be combined in order to satisfy basic legitimacy requirements in these two policy areas. The paper argues that awareness about the legitimacy requirements has increased; various ways of response are being explored; and looking at different policy areas in parallel could help clarify the issues or assess possible solutions.

The paper is structured as follows. In section II basic notions from the academic debate on EU legitimacy will be briefly recalled. Sections III and IV deal respectively with Economic and Monetary Union (EMU) and Common Security and Defence Policy (CSDP) focusing on main aspects relevant for legitimacy, the critical points and proposals for further strengthening democratic quality. In section V an attempt is made to "read in parallel" the legitimacy issue in the two policy areas. Section VI concludes.

II. Aspects of academic debate

Sources of legitimacy can be usefully classified into three broad categories (Jensen 2009; see also Schmidt 2010). They refer to input (participation), output (outcome) or throughput (decision-making process).

Input or procedural legitimacy is grounded in the connection of the political system with citizens and their representatives. The most obvious link is established through the electoral process; institutional deficiencies of the electoral and party systems for the EP elections, the absence of a clearly recognisable parliamentary opposition, the absence of a European *demos* and the issue of a common identity play a central role. Such focus on the typical

parliamentary system developed in nation-states has been criticised as not appropriate for the EU political system which is characterised by a dual structure of democratic legitimacy (Lenaerts 2015; the term *demoi-cracy* expresses this reality, Nicolaidis, Youngs 2014). Another strand under procedural legitimacy refers to networks and deliberation focusing on the role of the public sphere for what is happening in the EU. A kind of pluralist legitimacy at the supranational level is stemming from "strong publics" such as government officials taking part in comitology; also epistemic communities, deliberations in the EP and the Conventions (for the Charter of Fundamental Rights and the Constitutional Treaty) or even the open method of coordination could be considered as fora for pluralist participation and deliberation. Networks involving both public and private actors, used by the European Commission when entering new policy areas (e.g. regulatory needs in case of technological advances) for gathering information and expertise and involving stakeholders, is a novel way with some merits. For example, when the Commission decided to prepare a pilot action for security-related research under the 7th Framework Programme, a Group of Personalities was convened whose report paved the way for this first ever commitment of Community funding to security relevant research. The Radicalisation Awareness Network (RAN) calls on available expertise to address the phenomenon of young Europeans radicalising and possibly becoming foreign terrorist fighters.¹ Non-governmental and civil society organisations are active in policy areas such as development, humanitarian assistance, aid to refugees etc., thus constituting channels of communication between citizens and EU institutions. Also consultation processes involving experts, interest groups and the broad public when preparing legislative proposals is a way of pluralist participation contributing to input legitimacy. Pluralist participation can also be seen under the prism of throughput legitimacy involving interest intermediation, enhancing openness, transparency and accountability (Schmidt 2010).

Output or efficiency legitimacy refers to the results of policy-making considering that the EU is called upon to provide solutions to problems because member states are not able to do so or because there is added value in handling them at the EU level, for example in multilateral negotiations in matters of trade, climate change and in many international fora. The EU can be viewed as a regulatory polity and analysed according to the principal-agent model of delegation of powers (Franchino 2007). If efficiency is seen as the primary source of legitimacy, delegation to experts/technocrats can produce Pareto-efficient policies, thus enhancing legitimacy. Legitimacy of a regulatory polity (Majone 1998, 2006) requires transparency and accountability as well as clearly defined areas of authority/competences. The evolution towards network types of governance has been criticised from this perspective since the more informal character reduces accountability of authorities. Responsibilities for decisions taken are being blurred making it more difficult or even impossible to attribute a particular decision to specific decision-makers and thus identify the responsibility for potential consequences and the actors who would be held accountable. The regulatory perspective gives rise to a dilemma in the sense that non-majoritarian supranational institutions cannot deal with (re)distributive consequences of globalisation and international competition where member states would need them most. Furthermore, a system of checks and balances is at work through various legal, fiscal and procedural constraints; EU

accountability is both direct and indirect (via the EP and Council), while the European Court of Justice (ECJ) and the independent Commission ensure objectivity and continuity. A rational choice model of decision-making in federal states shows that the EU does not have a democratic deficit when analysing the co-decision procedure (ordinary legislative procedure in the Lisbon Treaty).

Social legitimacy stresses the importance of a European *demos*, European identity and a European public sphere being essential elements of a democratic sub-structure as a prerequisite to democratic procedures. Increasing heterogeneity of the EU, esp. through successive enlargements may have contributed to compound this problem. Identity formationⁱⁱ as a prerequisite has been challenged by Habermas (2014) on the grounds that interlinked national public spheres would provide the EU with the necessary foundation for a common political identity. The EU has been criticised for weakening national political structures without producing comparable ones. Moreover, the characteristics of national political systems influence their "fit" for EU integration. The 'compound' EU, in which governing activity is highly dispersed among multiple authorities, is more disruptive to 'simple' polities like Britain and France, where governing activity has traditionally been concentrated in a single authority, than to similarly 'compound' polities like Germany and Italy (Schmidt 2006). Siedentop (2015) analyses three "unintended consequences" of European integration: a) separatist movements in member states; b) EP direct elections have alienated the political class in member states from EU matters resulting in a separation of policies and politics; c) the fact that the UK lacks a written Constitution whereas the EU reflects the continental legal approach helps to partly explain the fierce debate about EU membership.

This cursory account shows that discussion of the central issue of legitimacy has resulted in various approaches. The question is what these approaches contribute to analysing the EU political system with its peculiarities, complexities and multi-level nature and whether a combination of legitimacy sources and their interaction could provide a promising avenue. For example, a number of vectors of legitimacy have been proposed (Lord, Magnette 2004): - indirect, derived from that of member states (corresponding to the principal-agent model); - parliamentary, through the EP and national parliaments (the latter legitimising governments in the Council); - technocratic, corresponding to the regulatory model; and procedural, referring to transparency, proportionality, legal certainty and consultation of stakeholders. Four mechanisms of reinforcement and exclusion could describe their possible interactions: - particular vectors of legitimacy confined to different policy areas; - different vectors of legitimacy applying to different stages in the decision-making process; - hierarchy of legitimating approaches (super-systemic such as inter-governmental conferences for Treaty changes, systemic corresponding to the Community method, sub-systemic for policy networks); - mutual contamination between participants initially exposed to different vectors. Conflicts between legitimacy vectors could be handled through *bargaining* among actors with diverging notions of legitimacy at successive stages of policy-making or *deliberation* allowing for argumentative and contradictory debate.

Intuitively, the complex, polycentric and multi-level political system of the EU could be adequately analysed and appraised through novel models of supranational democracy based on multiple points of entry and the combination of different sources of legitimacy. In the following sections, this line of thought is pursued in order to analyse two policy domains: EMU and CSDP. At first sight the two areas are dissimilar and thus a parallel examination seems counter-intuitive. EMU is one of the most integrated policy areas with a supranational institution, the European Central Bank (ECB) at its core; the recent crisis has shown the shortcomings of Eurozone governance and has triggered controversy and policy proposals, including on democratic quality. CSDP (term used in the Lisbon Treaty replacing the denomination ESDP) is one of the least integrated policy areas following standard criteria; ruled by the inter-governmental method, its legitimacy stems essentially from the national level. The two policy areas will be briefly described addressing mainly aspects of input (involvement of citizens and parliaments) and to a lesser extent output legitimacy (policy performance).

III. Economic and Monetary Union (EMU)

The Lisbon Treaty improved economic governance of the EU by guiding economic policy of Member States towards common objectives (broad guidelines and Stability and Growth Pact), granting greater powers to the Commission and strengthening monetary policy. The supervisory role of the Commission was strengthened, including warnings and recommendations in case of deviation from commitments. The ECB was recognised formally as an EU institution with legal personality as the central bank of the Eurozone; it is an independent institutionⁱⁱⁱ at the core of the Eurosystem (Euro countries) and the European System of Central Banks (all member states). Its primary objective is price stability, but it also supports the general economic policies in the EU. EP powers were enhanced as amending ECB statutes is henceforth subject to the ordinary legislative procedure. The Eurogroup was also formally confirmed. Only Eurozone members may participate in votes concerning budgetary discipline and broad economic policy guidelines specific to the Eurozone.

Ironically, the entry into force of the Lisbon Treaty (December 2009) coincided with the beginning of the financial, sovereign debt and economic crisis in the Eurozone. While crisis management, despite initial hesitations and delays, succeeded in containing the crisis and avoiding disintegration, the crisis nevertheless has laid bare the shortcomings of the original EMU design putting into question its sustainable performance and thus output legitimacy. In response to the crisis major reforms were introduced. Future will tell whether the new mechanisms can withstand renewed pressures. Also the recent reforms of the EU rules raised new questions about democratic legitimacy.

EMU architecture and governance have been supplemented with enhanced surveillance, financial mechanisms as well as banking and capital market regulations. EMU governance has been strengthened by introducing new surveillance procedures for budgetary and macroeconomic policies, and a new budgetary timeline for the Eurozone. The new rules - introduced through the Six Pack (December 2011), the Two Pack (May 2013) and the (inter-

governmental) Treaty on Stability, Coordination and Governance (TSCG, January 2013) for 25 member states^{iv} - are grounded in the European Semester, the EU policy-making cycle since 2010. This integrated system ensures that there are clearer rules, better coordination of national policies, regular follow-up and swifter sanctions for breaching the rules (the so-called reverse qualified majority voting). This helps Member States to deliver on their budgetary and economic commitments while making EMU as a whole more robust. The excessive imbalance procedure entails an assessment of draft national budget plans; in case of excessive deficits, the Commission issues recommendation to the member states concerned.

The EP is involved in different stages during the European Semester: early on it issues an opinion on the annual growth survey and the alert mechanism report presented by the Commission; after the draft budget plans have been appraised by Commission and Eurogroup, the EP expresses an opinion on the ongoing cycle; Economic Dialogue meetings are held with representatives of Commission, Council and the Eurogroup, and with the member states concerned; finally, meetings between national parliaments and the EP such as the European Parliamentary Week and the TSCG Art. 13 Conference are also organised during the annual cycle. This is primarily a consultative role for the EP since its opinions are not binding on the other institutions. The EP has criticised in particular the lack of democratic accountability of the adjustment programmes contained in the memoranda of understanding and their implementation under the supervision and constant appraisal by the so-called troika (Commission, ECB and IMF) (EP 2014?). More recently the EP has claimed an increased role in the evaluation of the Greek bail-out programme (Euractiv 2015).

The original EMU was lacking crisis mechanisms; in response to the crisis a financial assistance mechanism for Member States with no access to market financing was created; the European Financial Stability Facility (EFSF) was a provisional scheme, made permanent in form of the European Stability Mechanism (ESM). The decision leading to the creation of the ESM was taken by the European Council in December 2010. The Eurozone countries signed the intergovernmental treaty establishing the ESM in February 2012. The ESM was inaugurated in October 2012. The ESM issues debt instruments in order to grant financial assistance to Eurozone members provided they have ratified the TSCG (enhanced surveillance of countries under adjustment programme). The following financial assistance instruments are used by ESM: - support loan and macroeconomic adjustment programme; - financial assistance for indirect re-capitalisation of banks; - precautionary financial assistance (credit line); - primary and secondary market support facility (government bonds); - direct re-capitalisation instrument.

Moreover, in reaction to the global financial crisis as from 2007 and in line with discussions in the G-20 summits, a far-reaching redesign of the European regulatory and supervisory framework for the financial markets was undertaken consisting of reforms in seven areas: capital requirements for the banks, over-the-counter derivatives markets, rating agencies, hedge funds, bank supervision, bank resolution, deposit guarantee scheme (Lannoo 2015). The last three elements constitute the European Banking Union (EBU) with the Single Supervisory Mechanism (entrusted to the European Central Bank as from November 2014),

the Single Resolution Mechanism and a Deposit Guarantee Scheme (to be proposed). Furthermore, work on the Capital Market Union has been initiated as a second leg of the financial Union.

Further developments have been outlined in the Five President's report (European Commission 2015a), including steps in creating an economic, a financial, a fiscal and a political Union in 3 stages, to be completed by 2025. In stage 1 the EP involvement in the European Semester would be strengthened while Commission would be available for both inter-parliamentary meetings and meetings with national parliaments. In stage 2 the inter-governmental mechanisms created during the crisis (ESM, TSCG) should be fully integrated within the EU Treaties. For stage 1 (July 2015-June 2017) the Commission submitted (October 2015) a proposal based on existing instruments and current Treaties to enhance competitiveness and structural convergence, achieve responsible fiscal policies, complete the financial union and enhance democratic accountability as outlined in the Five President's report.

When considering these new rules for EMU governance under the prism of input legitimacy critics refer to a) EU interference in the budgetary powers of national parliaments during the European Semester; b) the question whether democratic elections can have an impact on the policies pursued or whether they are being overruled by the provisions of EMU governance. Formally, Commission, Eurogroup and EP express *opinions* on the draft budgetary plans; it is in the end national parliaments which adopt the national budgets. Obviously, for countries under bail-out programmes the situation is different; a strict conditionality applies in form of memoranda of understanding between creditors and the debtor country; conditionality implies limited sovereignty on the part of the debtor country, but this limitation stems from the fact that high indebtedness and reduced creditworthiness have constrained access to the capital markets; conditionality is, thus, a consequence and not the cause of sovereignty limitations. Nevertheless, public opinion seems to recognise the value of the Eurozone. To judge from the latest Eurobarometer survey (European Commission 2015b) overall support for the euro has further increased in members of the Eurozone as a majority of 61% of respondents across the Eurozone thought the euro was good for their country, which is the highest level of support since the first survey of this kind in 2002 and 4 percentage points higher compared to the year before. Even in countries with adjustment programmes there is a clear majority ranging from 75% in Ireland, 65% in Greece, 64% in Spain, 61% in Portugal to 50% in Cyprus.

Questions must be raised about persistently high unemployment rates, the debt spiral and the reversal of real economic convergence for a number of countries in the Eurozone. It cannot be denied that the policies pursued in the countries of the Eurozone periphery under adjustment programmes have had negative repercussions; to a certain extent this is an inevitable corollary of fiscal adjustment. The policy mix for the countries concerned and for the Eurozone as a whole is an important issue; growing disenchantment of public opinion with the prevalent stance of fiscal and monetary policies, not only in crisis countries, is understandable. In essence this reflects well-known divergences between schools of economic policy. The fact that a predominantly liberal economic stance has found its way into the Treaties and thus has

been constitutionalised, in other words that it cannot be changed as a result of standard democratic practice (alternative policy programmes, contradictory debate and election) is a problem. Changing political majorities in future would have to take a much higher institutional hurdle, namely amending the Treaties, than under normal democratic practice.^v

IV. Common Security and Defence Policy (CSDP)

With the growing number of foreign interventions / peace support operations in the post-Cold War period, military deployments have become an increasingly salient feature of international politics. Given the risks for human lives, the budgetary cost and political / diplomatic commitment, their legitimacy has become a hotly debated issue. Four “pillars” of legitimacy of CSDP are distinguished (Wagner 2005): - output legitimacy, resulting from the effective provision of public goods; - intergovernmental input legitimacy, to the extent that national parliaments participate in decision-making; - supranational input legitimacy, referring to parliamentary participation in decision-making at European level; - respect for and compliance with international law.

Parliamentary powers have been identified as: authority (to hold government accountable), ability (disposing of resources to make political control possible) and attitude (willingness to exercise such control). Since unanimity is required for decision-making in CSDP and supranational institutions do not have delegated powers in this domain, Europeanisation has not affected national decision-making. However, inter-governmental cooperation can impact the distribution of domestic political power between parliament and government in the sense of a shift towards the executive. That is the reason why some observers speak of a “double democratic deficit” with respect to international military operations, as the parliamentary scrutiny of decisions of the executive is not always strong at the national level (Born, Hänggi 2004). Various mechanisms tend to bring about such result (Moravcsik 1994): - difficulty to unravel international agreements once reached; - framing of decisions by the executives; - international agenda is often set at the level of national leaders; - privileged access to information by executives (special confidentiality requirements).

Since CSDP is inter-governmental and the main input legitimacy source remains the national parliaments it is important to look at the situation in the Member States. Parliamentary control rights on security and defence policies can be classified into three basic categories (Mölling, von Voss 2015): basic budgetary powers, right to information and veto power/power to determine details of an operation or procurement process. A survey among national parliaments in 25 member states shows a differentiated picture (Mölling, von Voss 2015): While all parliaments have basic budgetary rights, only 10 parliaments seem to enjoy strong powers in the sense of passing detailed budgets of an operation separately. With respect to information most parliaments seem to enjoy basic rights, but access to detailed information at an early stage / during the deployment is less common. In Germany, the Netherlands, Finland, Austria and the UK, parliaments are consulted on planned operations. With respect to a specific operation, questions refer to whether a parliament has to be consulted, whether its decision is legally binding for the government, the timing (*ex ante* or *ex post*) and the scope of

the decision powers. In 13 countries the decision is binding on the government; in 13 countries (not necessarily the same) decisions are taken beforehand. In 11 cases parliaments play practically no role in deployment decisions. However, such classifications are not very precise since exceptions apply for missions of small size, peace keeping operations or when operations are carried out with the mandate of an international organisation (which is then taken as a substitute for parliamentary approval). The involvement of parliaments in defence procurement decisions can similarly be analysed in terms of budgetary, information and decision-making rights. While most parliaments enjoy the right to approve the annual budget, information rights are strong in only four countries while in eight countries parliaments have no rights at all. When it comes to decision-making, member states are relatively evenly spread over a continuum between *strong* and *no rights at all*. The picture emerging from these data is rather mixed depending on the country and the issue at hand. Overall, the notion that national parliaments are not in control of policy-making by the executives, thus leading to a "double democratic deficit" is to a significant extent justified. But trust between executives and legislatures can be built by early information about relevant plans and consultations.

The EP has budgetary rights for civilian missions that are financed under the CFSP budget, but not for military operations; here the individual cost is covered by the participating member states and the common cost under the (inter-governmental) Athena mechanism. As far as information rights are concerned, the EP Sub-Committee on Security and Defence (SEDE) has been active organising hearings with the CSDP bodies in Brussels and Heads of Missions, with academia and civil society e.g. the European Organisation of Military Associations EUROMIL, thus giving space to public debate at European level, although the EP is not formally involved in decision-making. Increasing EU defence cooperation (for example in battle groups for rapid reaction) may contribute to save money, but it also leads to more interdependence and thus increases the need for more understanding for and reliability on partners; different procedures and constraints in partner countries need to be accommodated and processes synchronised which calls for more inter-parliamentary cooperation. In addition to bilateral contacts the Inter-Parliamentary Cooperation on CFSP (art. 10 Lisbon Treaty) may play a useful role.

While we have focused on input legitimacy, a remark is in order concerning policy output in terms of public goods for stability and security in the EU neighbourhood and further afield. The unanimity requirement tends to result in delays in decision-making, possibly implying missing the most appropriate moment (*kairos*) of intervention or otherwise leading to sub-optimal solutions (least common denominator). On the positive side, the longer consultation and negotiation phase tends to bring about better thought through concepts of crisis management interventions, in particular about the political objectives pursued and exit strategies. Experience with member states engaging in foreign interventions alone or with partners without an EU decision has been rather mixed.

V. Parallel examination and discussion

The two preceding sections focused mainly on the input aspects of legitimacy coming from parliament's involvement. The parliamentary dimension of legitimacy can be located: a) at the national level; the important variable here is the relationship between parliaments and the executives; b) at the EU level, namely the relationship between the EP and other EU institutions, Council and Commission; c) relationship between the national and the EU level, in particular the role of national parliaments in deliberations and decision-making for legislation at the EU level (early warning mechanism on draft legislation and subsidiarity control, Protocol 2) and inter-parliamentary cooperation. With the Lisbon Treaty EP powers were strengthened through extending the ordinary legislative procedure to new policy areas, the right to approve international agreements and by placing it on an equal footing with the Council for the adoption of the annual budget. The reform legislation for enhancing EMU governance (Six-Pack and Two-Pack) has been passed by ordinary legislative procedure which will also apply for (possible) changes of the ECB statutes. At the same time, important pieces of the new architecture such as the ESM and the TSCG are inter-governmental treaties outside the formal EU framework, thus the EP has no powers.

A particular aspect emerging from the parallel analysis is that the involvement of parliaments in decision-making is organised differently in the member states. There are asymmetries when it comes to the role of national parliaments in approving important decisions both in EMU and CSDP. For bail-out programmes under the ESM in Germany, Finland, Austria, Netherlands, Slovakia and Estonia prior parliamentary approval – for both starting negotiations and disbursement of funds - is required. What do diverging political processes (based on the national constitutions and reflecting the primary right of parliaments for taxation and spending decisions) imply for dealing with issues of common interest such as the stability of the Eurozone? Is there the need for some kind of convergence? Extending the practice of early and repeated parliamentary involvement in connection with ESM decisions would entail the risk of national parliaments blocking decision-making for domestic reasons, thus compounding the risks for the member concerned and possibly for other euro countries or the Eurozone. The longer term solution envisaged in the Five President's report to fully integrate in the EU Treaties the inter-governmental mechanisms created during the crisis (ESM, TSCG) would help to overcome this difficulty.

Similarly we saw that for military deployments under the CSDP (as for other international military operations) prior parliamentary approval is required in 13 member states. Diverging situations are particularly striking between the larger member states; in France and the UK deployment decisions are made by the government; Germany has a "parliament army" since the Bundestag must approve all foreign deployments. Broad variations can be observed in other member states. Such differences obviously reflect the basic features of the national political systems; but they may render cooperation difficult as they introduce an element of uncertainty whether the participation in a planned operation will receive the approval of the parliament concerned. Mutual trust between EU partners is essential when considering various options in a particular situation, including possible military interventions. Seen in a positive light, inter-parliamentary cooperation would help becoming aware of such asymmetry which may lead to a certain "contamination" through socialisation between actors

operating in different political contexts, in addition to facilitating exchange of knowledge and sharing of experiences.

Irrespective of these differences, all member states are confronted with an issue which is at the heart of sovereignty in the context of integration processes. Early on in the debate about monetary integration, a "magic triangle" has been noticed describing the impossibility of reconciling three policy objectives: autonomy in monetary policy under a system of fixed exchange rates with free circulation of capital. EMU members no longer have such autonomy as monetary policy is run by the ECB for the Eurozone as a whole. With respect to military integration a similar trilemma exists; of the three policy objectives: national sovereignty, operational effectiveness and budget savings, it is not possible to achieve all three at the same time. Three combinations are possible: a) states can maintain sovereign control and operational effectiveness of their armed forces, but this is a costly option (no change scenario compared to national policy); b) states can keep sovereign control of their armed forces and proceed to budget reductions, but operational effectiveness would suffer; c) states opt for operational effectiveness combined with cost reduction; in that case they would have to accept interdependence and sovereignty limitations as they would have to make adjustments within a broader multinational framework ("*pooling and sharing*" in the EU, "*smart defence*" in NATO parlance).

A similar, more general idea is forcefully expressed in form of the "globalisation trilemma" (Rodrik, 2015) which characterises the impossibility of achieving all three of the following goals simultaneously: economic integration (globalisation), (national) sovereignty and political democracy. Turning to the EU, if democracy is to be saved either economic integration would have to shrink or democratically accountable supranational institutions must take hold. In a reduced form this idea underlies the *plaidoyer* of Menasse (2012) for the European integration set out to overcoming the nation-state in order to avoid repetition of disastrous experiences. But national democracy seems to block further development of the European integration project because of its low democratic credentials; and the European project in its current shape is threatening to destroy democracy in the national context. This is the real European crisis: the felt contradiction between democracy and the EU. Either the Europe of nation-states disappears, or the European project of overcoming the nation-state disappears. Except if democracy is re-invented at the EU level; it is not about transferring competences/powers from the national to the European level; it is about re-inventing democracy in a different context, about developing a post-national democratic system. Habermas (2014, 2015)

VI. Conclusion

The paper explored the issue of legitimacy in two policy areas and examined whether insights can be gained from a parallel investigation despite differences in the institutional setup. Different sources could possibly ensure a sufficient degree of legitimacy which is essential for the long term viability of policy-making at European level. For example, integrating in the EU Treaties the inter-governmental mechanisms created during the Eurozone crisis would help to

overcome the risk of blocking decisions by national parliaments while strengthening the EP role. The planned European global strategy for foreign and security policy would help perceptions, objectives and approaches to converge among member states, while inter-parliamentary cooperation could facilitate smoothing out remaining procedural obstacles.

Initially European integration has been a project of experts and elites commensurate with the technical character of integration and the so-called *negative integration* (abolition of tariffs, trade barriers, controls); it has brought about peace and prosperity and has to a large extent met with "permissive consensus" on the part of citizens (output legitimacy). Later on the integration process was extended to issues closer to citizen's daily life and at the core of state sovereignty (internal security, civil and criminal law); and citizens' participation in EP direct elections (since 1979 but decline in turnout in first 30 years, stabilised in 2014) and referenda in some member states (Denmark, Ireland France, Netherlands) on the Maastricht Treaty, the Constitutional Treaty and the Lisbon Treaty gave rise to discussions and controversies about the democratic deficit in terms of input legitimacy.^{vi} In EMU and CSDP legitimacy requirements have increased and are bound to remain high.

Legitimacy is a central requirement for political systems; in democracies acceptance of the political system and processes crucially depends on the adherence of citizens (Beetham, Lord 1998). This also applies in the case of the EU with the formidable complication that the EU is a *sui generis* construction and *work in progress*. The EU legitimacy can, therefore, and is actually being challenged for many different and sometimes contradicting reasons. There are no simple solutions to this challenge. Democratic aspirations of citizens are fully justified; and questioning the objective of European integration is a legitimate political position. But intellectual honesty and political pragmatism demand that democratic deficiencies of the current state of the EU are not used to put into question or undermine this unique historical experience. For all its shortcomings the EU has championed peace and prosperity in Europe; and it has contributed to widening the scope of prosperity through integration and peaceful relations through interdependence beyond its own borders. The quest for improving the democratic quality of EU institutions and the integration process must continue. The present contribution shows that different sources of legitimacy are at play and that they can and should help ensuring that EU citizens aspiring to live in a democratic society accept the EU layer of governance as overall compatible with their aspirations.

Biographic note

Dr. Revelas was born in Athens on 10 September 1952. He studied economics and political science at the University of Cologne where he received his Ph.D. with a thesis on European monetary integration. Official of the European Commission since 1981 working on macro-economic and financial issues until he joined External Relations in 1993. Until 2002 dealing with soft security issues in the multilateral framework of OSCE. Then Security Policy Officer working on European security architecture and on European Security and Defence Policy, in particular military capabilities, defence industries and the European Defence Agency. Currently, Senior Policy Officer in the Maghreb Division of the European External Action

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Notes

ⁱ For the two examples mentioned see: [http://europa.eu/rapid/press-release MEMO-07-346_en.htm](http://europa.eu/rapid/press-release_MEMO-07-346_en.htm)
http://ec.europa.eu/dgs/home-affairs/what-we-do/networks/radicalisation_awareness_network/index_en.htm

ⁱⁱ Or closing the "community deficit" defined as popular disaffection from the EU project, Etzioni 2008

ⁱⁱⁱ Majone (2010) discusses the issue of commitment versus flexibility in relation to the independence of ECB, comparing it with the Bundesbank and the US Fed. But for the ECB the main problem has been to establish trust in the new currency *ab ovo*, unlike long established currencies; observing strict rules for a sufficiently long time period and establishing a track record was essential. Perhaps the recent crisis could be seen *ex post* as a turning point in this regard.

^{iv} The fiscal surveillance based on the Stability and Growth Pact was complemented by Regulation 473/2013 for monitoring and assessing draft budgetary plans and Regulation 472/2013 on strengthening economic and budgetary surveillance of Member States. The excessive imbalance procedure was established by Regulation 1173/2011 on the effective enforcement of budgetary surveillance and Regulation 1174/2011 on enforcement measures to correct excessive macroeconomic imbalances.

^v Critique has also been voiced based on the statement that the EMU is not an optimum currency area (Scharpf 2013); unfavourable initial conditions may indeed compound the legitimacy problem; but the finding that an EMU does not qualify as an optimal design has been shown much earlier (Revelas 1980).

^{vi} The question of citizen's involvement is not addressed here. Art. 10 of the Lisbon Treaty states that citizens are directly represented by the EP and that representative democracy is one of the foundations of the EU. It also establishes the principle of proximity that decisions must be taken as closely as possible to the citizen (subsidiarity). Commission recommended before the 2014 EP elections that political parties inform voters about their affiliation links and to publish before the elections the name of their candidate for the mandate of President of the Commission (top candidate) they support. This practice has been followed for the first time in EU history. This personalisation and politicisation as well as mediatisation of the electoral campaign may have contributed to halt the downward trend in turnout observed since the first direct elections in 1979. More accessibility for citizens with clearer terminology and simplification, but also more transparency though public proceedings extended to the Council and more use of information technologies for broadcasting EP proceedings (web-streaming) contribute to better understanding of the EU processes. The Citizen's Initiative allows one million citizens who are nationals of at least seven member states to call directly on the Commission to bring forward a legislative initiative. <http://ec.europa.eu/citizens-initiative/public/welcome>