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THE SENSE AND NONSENSE OF EUROZONE LEVEL DEMOCRACY

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EXECUTIVE SUMMARY

The democratic functioning of the EU is frequently called into question. Increasingly, the focus of this criticism is the **perceived lack of legitimacy in eurozone policy-making**. The eurozone has gained a firmer grip on national policymaking in recent years, but has not adapted its democratic structure to reflect this. To tackle this problem, European and national policymakers have committed to improving the eurozone's legitimacy and accountability. One of the rare concrete proposals by policymakers is the institution of parliamentary control that deals specifically with eurozone matters.

This Egmont Paper examines whether it would be beneficial to have **eurozone level democracy**. This is defined as parliamentary scrutiny **of, by and for the eurozone**. It would deal with issues that solely concern the eurozone, and decisions would be made solely by parliamentarians from the eurozone.

At present, eurozone level democracy does not exist. The European Parliament is responsible for European-level democratic control of the eurozone, yet there is no differentiation in any way between Members of the European Parliament (MEPs) elected in eurozone countries and non-eurozone MEPs. As a result, **non-eurozone MEPs have the same powers over eurozone-specific decisions as MEPs from the eurozone itself**.

Proponents argue that eurozone level democracy makes **sense** because its current absence hampers the eurozone's legitimacy. This paper identifies three major arguments in favour of eurozone level democracy:

- More parliamentary scrutiny of the eurozone is needed to counterbalance the loss of power for national parliaments. This parliamentary control might be more acceptable at the eurozone level than at the EU-28 level. This would be especially true if a eurozone budget were created, as it could make eurozone level democracy unavoidable.
- Policymakers insist that the level at which decisions are made should be aligned with the level at which parliamentary control is exercised. Yet this principle is not applied with regard to eurozone matters. Many decisions about the eurozone are taken by eurozone countries only, while parliamentary control is organized at the EU-28 level.
- The eurozone does not fully meet the requirements for representative democracy (in which the 'governed' elect those who govern them). As citizens from, for example, Denmark and the United Kingdom are in no way governed by rules that are specific to the eurozone, it is illogical from the point of view of representative democracy that their MEPs have a full say on eurozone matters.

Eurozone level democracy also has negative aspects. Indeed, there are many grounds for dismissing it as **nonsensical**:

- A harmful divide could develop between the eurozone and the other Member States. The cohesion of the EU could suffer as a consequence.
- Under the present Treaty framework, a eurozone level parliamentary body cannot decide on EU legislation, as this is a competence of the European Parliament as a whole. Eurozone level democracy would thus most likely be limited to non-binding issues, significantly reducing its relevance.
- Eurozone matters are not the only policy domain in which decisions taken by the European Parliament as a whole apply to only a subset of Member States. If eurozone-level parliamentary scrutiny were put in place, the same set-up would arguably be needed for the Banking Union, the Schengen Area, etc. This could lead to a dysfunctional *à la carte* parliamentary system.
- Almost all non-eurozone Member States have an obligation to join the eurozone in the future. As a result, the current problems with eurozone decision-making are likely to fade away in the long run.

How could eurozone level democracy be **organized in practice**? Three possibilities exist:

- A separate eurozone parliament, whose members would be elected specifically for this parliament. While appealing at first sight, a new eurozone parliament risks having insufficient legitimacy and/or creating excessive complexity for voters.
- A eurozone body inside the European Parliament, with voting rights granted only to eurozone MEPs. This approach limits complexity and ensures a link with non-eurozone countries. At the same time, it would put pressure on the unity of the European Parliament.
- An inter-parliamentary assembly whose membership mostly consists of national Members of Parliament (MPs). This design would better involve national parliaments in eurozone affairs, but might lack consideration for the European perspective.

This paper argues that the European Parliament option is probably the best choice, because it reduces the impact of some of the drawbacks associated with eurozone level democracy. A careful design can furthermore reduce the risk of a damaging split between eurozone and non-eurozone MEPs – even though that risk cannot be removed completely.

Before any discussion on the precise structure, the key question is whether we actually want eurozone level democracy or not. The jury is still out, but the legitimacy of the eurozone is too important to brush the concept of eurozone level democracy aside without carefully considering its sense and nonsense.

INTRODUCTION

Since the beginning of the eurozone sovereign debt crisis, the EU has been labouring to make its common currency sustainable. Following many reforms, European control over national fiscal and economic policies has been strengthened beyond previous expectations, and a new solidarity mechanism has been put in place. Much of this stronger European control and solidarity concerns only the eurozone (see Geeroms, Ide & Naert (2014) for an overview).

If stronger eurozone integration is to be acceptable, robust democratic control of its functioning is required. In this respect, European Council President Herman Van Rompuy (2012) was right to include 'democratic legitimacy and accountability' as one of the four building blocks that are needed to move towards a genuine Economic and Monetary Union (EMU). Numerous policymakers have joined his call to strengthen the common currency's legitimacy (e.g., Commission, 2012; European Council, 2012). In addition, the rise of Eurosceptic parties in the 2014 European elections has underscored the fact that a substantial percentage of Europeans are uneasy with the EU's present working methods. When this public dissatisfaction and policymakers' promises are combined, it is only natural that citizens expect measures to enhance the eurozone's democratic legitimacy.

Despite these expectations, concrete actions or proposals to achieve greater legitimacy remain scarce. One of the more concrete ideas is the creation of parliamentary scrutiny dealing specifically with the eurozone. National governments have repeatedly advocated an exploration of this idea (Future of Europe Group, 2012; Contribution franco-allemande, 2013).

This Egmont Paper aims to do precisely this: to explore the potential usefulness of parliamentary scrutiny at the eurozone level – eurozone level democracy, in short. The paper starts by proposing a definition of eurozone level democracy. Subsequently, the soundness of the idea is analysed, by discussing its sense and its nonsense in turns. The possible design options are discussed afterwards, as they have an important influence on the size of the (dis)advantages of eurozone level democracy. Finally, a conclusion is provided.

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1. WHAT IS EUROZONE LEVEL DEMOCRACY?

A definition

The concept of ‘eurozone level democracy’ requires some clarification. For this, we can use former US President Abraham Lincoln’s famous Gettysburg Address. As the American Civil War was raging in 1863, he stated that it was the task of the Union to ensure that ‘government of the people, by the people, for the people shall not perish from the earth.’

Lincoln’s words remain highly relevant in Europe’s contemporary Union. Using his dictum, we can describe eurozone level democracy as parliamentary scrutiny¹ that combines the following three characteristics:

1. scrutiny *of* the eurozone, i.e., dealing with the eurozone;
2. scrutiny *by* the eurozone, i.e., by eurozone parliamentarians;
3. scrutiny *for* the eurozone, i.e., for the benefit of the eurozone.

The fact that parliamentarians from the eurozone make the relevant decisions in eurozone level democracy (scrutiny *by* the eurozone) is undoubtedly the most contentious element. Some (e.g., Bertoncini, 2013) have proposed putting in place parliamentary scrutiny that focuses specifically on the eurozone level, while not being eurozone-specific in its decision-making. In their essence, such proposals concern a practical reorganization of existing parliamentary control. Eurozone level democracy as described here would go further than that, as it would modify the essential architecture of the EU by creating a distinction between the parliamentary control of the eurozone and that of the wider EU.

Even if parliamentarians from the eurozone are the sole decision-makers in eurozone level democracy, this does not by definition exclude non-eurozone parliamentarians from taking part in the process leading up to these decisions. In this sense, a distinction between decision-*shaping* and decision-*taking* is useful (Blanchet, 2013). In eurozone level democracy, representatives from all Member States could take part in shaping parliamentary scrutiny, but actual decisions are limited to parliamentarians from the eurozone.

¹ In a wider sense, eurozone level democracy can also mean, among other things, that decision-making about the eurozone takes place at the eurozone level (which is already partially the case). This Egmont Paper, however, focuses on the parliamentary dimension of eurozone level democracy.

Potential tasks

Parliamentary scrutiny in eurozone level democracy could cover binding rules, as well as non-binding matters. In terms of binding rules, passing eurozone-specific legislative acts (directives, regulations, etc.) could be a key responsibility. Previous examples of such eurozone-specific rules are the sanction mechanisms in the six-pack and the budgetary reporting rules in the two-pack. However, as we will see below, a legislative role for eurozone level democracy is highly unlikely under the present Treaty framework.

Eurozone level democracy could, in contrast, play a role in non-binding matters even in the short term. This could cover various aspects of the EMU's economic governance, notably the scrutiny of eurozone institutions (e.g., the ECB, the Eurogroup, Euro Summits). It could, in addition, deal with the annual surveillance and coordination process of national economic policymaking, which is centred on the European Semester.

2. THE CURRENT STATE OF AFFAIRS

At present, parliamentary control of the eurozone is exercised at multiple levels. At the level of the Member States, national and regional parliaments exercise national democratic control related to the eurozone. The European Parliament is responsible for the European-level scrutiny of the EMU, with the Economic and Monetary Affairs Committee (ECON) as the main committee in charge. ECON is a conventional committee, in the sense that it does not differentiate in any way between eurozone and non-eurozone MEPs.

In addition to national- and European-level control, inter-parliamentary cooperation between national parliaments and the European Parliament takes place in the form of an inter-parliamentary conference. This conference serves as a platform to exchange views and mutual learning. It falls short of the national-level parliamentary roles and those of the European Parliament (Kreilinger, 2013).

None of these bodies amounts to eurozone level democracy as defined above. Each of them performs parliamentary scrutiny *of* the eurozone in some respect, in the sense of dealing with eurozone matters. They do not, however, constitute scrutiny *by* the eurozone, as decisions are not taken in a eurozone-specific setting. Hence, eurozone level democracy does not exist at present.

3. THE SENSE OF EUROZONE LEVEL DEMOCRACY

When considering the arguments in favour of introducing eurozone level democracy, the focus is essentially put on the call for more legitimacy for the single currency. The hope is that it would allow for better parliamentary control, and as a result help to reduce the eurozone's perceived democratic deficit.

More parliamentary scrutiny of the eurozone is needed

Over a short time span, Europe has acquired more competences in economic policy-making than ever before. These increased EU powers apply for the most part to the countries in the eurozone, as they face tougher surveillance, stricter fiscal targets and more sanctions in case of non-compliance than their counterparts outside the single currency area. This increased European control has reduced the leeway of governments and parliaments in eurozone countries in their fiscal and economic policy decisions. An important example of the reduced leeway for national parliaments is the fact that national budgets are now, in practice, first sent to the EU, before being discussed at the national level (Maduro, 2012).

The reduced role of national parliaments has not been compensated by an increase in parliamentary activity at the European level. The competences of the European Parliament have simply not kept pace with the European economic integration that has taken place since the eurozone sovereign debt crisis started. The Parliament's role is limited with regard to the annual surveillance and coordination of national economic policymaking, including the European semester. Furthermore, the Parliament has been sidestepped on several occasions as co-legislator by means of inter-governmental treaties among Member States (the Fiscal Compact, the European Stability Mechanism or ESM and the Single Resolution Fund) (Hallerberg et al., 2011; Fasone, 2014).

Despite this closer European economic integration, the EMU remains an unfinished project. In key reports about the future of the EMU, substantial additional reforms are advocated (e.g., Commission, 2012; Enderlein & Bofinger, 2012; Van Rompuy, 2012). The proposed reforms would entail a higher involvement of the European level in economic decision-making. Importantly, some form of a eurozone budget is frequently called for. If such a budget resulted in the pooling of eurozone resources, and was unaccompanied by eurozone level democracy, the American revolutionary slogan of 'no taxation without representation' would spring to mind. For this reason many believe that eurozone level democracy will have to accompany major leaps in eurozone integration (Maurer, 2013).

The widening gap between increased eurozone competences and lagging European democratic control leads to calls to increase the parliamentary control of the eurozone. Such stronger parliamentary scrutiny does not necessarily have to be exercised at the eurozone level though, as national- or European Parliament are other potential options.

Even so, it might prove politically more acceptable for national governments to leave the surveillance of eurozone matters to the eurozone level, rather than an EU-wide body. The ESM is a key example of a body where European level parliamentary control is missing. If a eurozone-level parliamentary body had existed, eurozone countries might have endowed this eurozone body with relevant supervisory tasks (although this remains wild speculation, of course). From the EU perspective, fully national control also raises difficulties, as it could lack a transnational view. Eurozone level democracy could be the potential compromise that is acceptable from both a national and a European point of view.

Scrutiny at the decision-making level

While the need for more scrutiny of the eurozone does not necessarily imply eurozone level democracy, EU policymakers have indirectly indicated their preference for democratic control at this level. When discussing the EMU's reforms, the EU institutions repeatedly stressed that democratic legitimacy and accountability are to occur at the level at which decisions are taken (European Commission, 2012; European Council, 2012; European Parliament, 2013). Although this principle is evoked frequently, it is in fact not consistently applied in practice with regard to the eurozone.

Many eurozone-related decisions are taken at the level of the eurozone. In terms of formal decision-making, monetary policy by the European Central Bank and decisions by the ESM stand out as clear-cut examples of eurozone level decision-making. In addition, most Council decisions about eurozone matters occur informally in the Eurogroup, where only countries using the single currency are present. If needed, formal Council decisions that solely apply to the eurozone can also be taken by eurozone countries only.² Eurozone heads of state and government for their part meet and decide at the level of the eurozone during Euro Summits.

This formal and informal eurozone-level decision-making is in stark contrast to the lack of eurozone-level parliamentary scrutiny. If EU policymakers are to live up to their commitment to organize democratic legitimacy and accountability at the level where decisions are made, this points towards a need for eurozone level democracy – informally at the very least.

² Article 136(2) of the Treaty on the Functioning of the European Union (TFEU).

Ensuring representative democracy

The most fundamental argument in favour of eurozone level democracy is that the current scrutiny architecture does not meet the requirements of representative democracy. This contrasts with the EU Treaties,³ which state that representative democracy is to be the foundation of the EU's functioning (Goulard & Monti, 2012).

In his reference work, Heywood (2002, p.70) describes the key characteristic of representative democracy as the fact that '[t]he public do not exercise powers themselves; they merely select those who will rule on their behalf.' He adds that, as a result, '[t]his form of rule is democratic insofar as representation establishes a reliable and effective link between the government and the governed.' Hence, the people (i.e., 'the governed') elect those who govern them.

The key difficulty lies in defining 'the people', or as Jennings (1956, p.56) puts it: '[t]he people cannot decide until someone decides who are the people.' In what follows, we will use a somewhat rough conception of 'the people' as those who are affected by the relevant rules (see Miller, 2009 and Scherz, 2013 for a more detailed discussion). Based on this conception, EU citizens can be subdivided into three groups when it comes to eurozone-specific decisions and the role their representatives should have in making these decisions:

1. **Citizens of eurozone Member States.** These citizens are fully subject to eurozone rules – both normal eurozone legislation and decisions that are part of the annual economic surveillance and coordination process (comprising the European Semester). It is obvious that these citizens' representatives should have a full say in decision-making about the eurozone.
2. **Citizens of 'pre-in' Member States.** This group comprises citizens in non-eurozone Member States that have a legal obligation to join the eurozone in the future when they are deemed to have met entry conditions (hence 'pre-in'). These citizens will be subjected to eurozone-specific legislation at some point in the future. Hence it seems fair to include their representatives in decision-making on these rules.

Eurozone decisions that are part of the annual economic surveillance and coordination are a different story. These decisions are only relevant for countries that are part of the eurozone at the time they are adopted. As a result, these decisions do not bind pre-in Member States, so it would be peculiar to count citizens from pre-in Member States among those citizens genuinely affected by annual eurozone level economic surveillance and coordination decisions.

3. **Citizens from 'opt-out' Member States.** Opt-out Member States have no obligation to join the eurozone. Denmark and the United Kingdom have both formally opted out of joining the common currency, and Sweden has managed to obtain

³ Article 10(1) of the Treaty on European Union (TEU).

an exemption *de facto*. Citizens from these countries are in no way subject to eurozone level legislation nor to eurozone economic surveillance and coordination decisions. It is thus wrong to include citizens from these countries among those that are being governed by rules concerning only the eurozone.

Notwithstanding the fact that not all EU citizens are subject to eurozone-specific decisions, all MEPs have an equal say when voting on them. As a practical result, MEPs from opt-out countries carry more weight in eurozone legislative decision-making than the MEPs from the ten least-populated eurozone countries combined.⁴ This mismatch between those who are governed by eurozone level rules and those who decide on these rules raises questions about the democratic legitimacy of the current arrangements (Tuori, 2014).

Similar issues with representative democracy have been raised elsewhere. In the United Kingdom, the devolution of powers has led to questions as to whether MPs from, for example, Scotland, should have a right to vote in the UK parliament on rules that do not apply to their constituency (the 'West Lothian question'). After agreeing to more powers for Scotland following its September 2014 referendum on independence, British Prime Minister David Cameron called for 'English votes for English laws' (Cameron, 2014). In terms of the representative democracy for the eurozone, this would translate as 'eurozone votes for eurozone decisions.'

⁴ In the 2014-2019 European Parliament, Denmark, Sweden and the United Kingdom have 106 MEPs. The ten least-populated eurozone countries combined (Austria, Cyprus, Estonia, Finland, Ireland, Latvia, Luxembourg, Malta, Slovakia and Slovenia) only have 95 MEPs. In total, countries from the eurozone elect 64% of the MEPs, pre-ins 22% and opt-outs 14% (own calculations).

4. THE NONSENSE OF EUROZONE LEVEL DEMOCRACY

While the earlier arguments in this paper plead in favour of eurozone level democracy, counterarguments shed a different light on its usefulness. These flip-side arguments mainly relate to legal difficulties and the threat to the unity of the EU.

No need to split the eurozone ins and outs

The creation of eurozone level democracy would, by definition, differentiate between eurozone Member States and non-eurozone Member States. This division already exists, but would be exacerbated. There is a risk that a deeper eurozone/non-eurozone split would be detrimental for the political unity of the EU. The possible advantages of eurozone level democracy might then be dwarfed by the disadvantages, leading to the diminished cohesion of the Union.

Furthermore, from a legal point of view, there is no apparent need to put in place eurozone level democracy. The Treaties state that ‘the Union shall establish an economic and monetary union whose currency is the euro.’⁵ Thus the euro is the currency of the Union as a whole – even if used only by a subset of its Member States. Given that the European Parliament is the parliament of the EU, it is fully natural that it deals with matters concerning the euro. As the Parliament sums it up: ‘the currency of the Union is the euro and its parliament is the European Parliament’ (European Parliament, 2012).

Additionally, MEPs are, legally speaking, not representatives of the Member State where they were elected.⁶ As members of a supranational body, MEPs are meant to consider the interests of all EU citizens. A British or Danish MEP is meant to be as committed to the euro’s wellbeing as an MEP from the eurozone. From this point of view, all MEPs can and should be fully involved on decisions concerning the euro. Nevertheless, political realities ought not to be overlooked: the nationality of an MEP does matter in practice (see Piris, 2012; Dehousse, 2013).

No legislative role for eurozone level democracy

As co-legislators, the Council and the European Parliament decide together on EU legislation, including legislation that exclusively focuses on the eurozone. Under the present Treaties, the Parliament as a whole votes on EU rules: it is not possible to

⁵ Article 3 TEU.

⁶ In this sense, Article 10 TEU states that ‘citizens are directly represented at Union level in the European Parliament.’

differentiate between eurozone and non-eurozone MEPs when it comes to legally binding votes (Lenaerts and Van Nuffel, 2011). The Treaties would have to be revised in order to modify these voting rules – not a short-term prospect.

The fact that voting on EU legislation is a responsibility of the Parliament as a whole seriously limits the possible scope of eurozone level democracy. Eurozone level legislation that bypasses the EU framework could be envisaged, in line with previous intergovernmental agreements between eurozone countries (e.g., the ESM). Such an approach comes, however, with several difficulties of its own: the eurozone legislation would not be able to modify EU rules, and reliance on EU institutions would be cumbersome (de Gregorio Merino, 2013).

Thus, in the present Treaty framework, eurozone level democracy would most likely have to be limited to non-legislative tasks. As mentioned above, this can entail the scrutiny of eurozone institutions, as well as the annual economic surveillance and coordination process. It is worth asking whether eurozone level democracy would be of sufficient added value in this scenario. This is all the more true given the fact that the Parliament's current role in annual economic surveillance and coordination is humble, to put it mildly. If eurozone level democracy were put in place, it arguably ought to have a bigger say in eurozone surveillance and coordination than is currently the case for the Parliament.

Even if it were possible to change the EU Treaties, it is doubtful whether the decision-making rules in the Parliament should be modified to allow for binding eurozone-level legislative decision-making. As noted earlier, eurozone-level legislation eventually becomes binding for all Member States that have a legal obligation to join the eurozone. This endorses the proposal that MEPs from these Member States are allowed to vote on eurozone level legislation. Following this logic, only MEPs from Denmark, the United Kingdom and (possibly) Sweden would be excluded from eurozone-level legislative decision-making.

The risk of an *à la carte* parliamentary system

The euro is far from the sole issue where the European Parliament as a whole decides on matters that concern only a subset of the EU. The application of European rules is in practice often limited to a subset of Member States due to practical and geographical reasons. Rules on mountainous regions, for example, obviously only apply to Member States with mountains, excluding countries like Denmark and the Netherlands. Similarly, rules on maritime fishing do not apply to landlocked Member States, like Austria or Hungary. Yet in the Parliament, MEPs from these countries have as much of a say in these matters as any other MEP (Duff, 2012).

While the above is a useful debate point, it needs to be put into perspective. Countries like Denmark and the Netherlands did not choose to be deprived of mountains,

nor did Austria or Hungary want to be landlocked. In contrast, Denmark, the United Kingdom and Sweden independently decided to retain their own currency when offered the possibility of joining the euro. The comparison to mountainous regions would only be fully accurate if a country with mountains decided not to apply the European rules on the matter – while nonetheless keeping the right to vote on the rules applying to others.

A more relevant reason to expand this discussion beyond the euro question stems from the fact that the common currency is only one element in an expanding set of differentiated integration in Europe. The Schengen Area, the unified patent, divorce law, the Banking Union and judicial cooperation are other fields in which only a subset of Member States participate (Lepoivre and Verhelst, 2013). In all of these fields, votes are cast by all MEPs, irrespective of whether or not they participate in the differentiated integration at stake. If specific decision-making is put in place for the eurozone, this should, arguably, also be done for the other fields of differentiated integration. Thus a multitude of parliamentary bodies would need to be created. This risks a dysfunctional *à la carte* parliamentary system (Fasone, 2014).

The problem will mostly solve itself

The final argument against eurozone level democracy concerns the gradual increase in the eurozone’s membership. As almost all non-eurozone Member States have an obligation to join the common currency, the gap between the eurozone and the EU should close in the future. In the long run, all pre-in Member States will become part of the eurozone. In such a scenario, only the opt-outs – a handful of Member States – will not be part of the eurozone. This would vastly reduce the problems linked to the absence of eurozone level democracy.

Even in the case of the opt-out Member States, possible shifts might in the future align the eurozone’s membership more closely with that of the EU. If the euro proves to be a robust currency, Denmark and Sweden could eventually decide to abandon their own currency. For the United Kingdom, the reverse is possible, as its exit from the EU is conceivable. As Britain is the biggest Member State with an opt-out, its exit would substantially alter the balance between the eurozone’s ins and outs.

The key caveat to this line of reasoning is the time it will take before nearly all EU Member States are incorporated into the eurozone. Following the eurozone crisis, non-eurozone Member States have become more reserved about the prospect of joining the common currency. In addition, new Member States will continue to join the EU – for instance, the Balkan countries. It will be a considerable time before these future Member States are ready to join the eurozone. Thus the eurozone-EU gap will most likely only become negligible in the very long run. And, as Keynes (1923) famously phrased it, ‘this long run is a misleading guide to current affairs. In the long run we are all dead.’

5. THE POSSIBLE DESIGNS OF EUROZONE LEVEL DEMOCRACY

In assessing the potential usefulness of eurozone level democracy, it is important to consider its practical design options. In essence, eurozone level democracy can be organized through three different routes: the eurozone, the EU or the national-based route. Each of these options has its own influence on the relative importance of the advantages and disadvantages discussed above.

The eurozone route: a separate eurozone parliament

The most straightforward approach to setting up eurozone level democracy would be to create a new parliament at that level (Meyer, 2012). Despite its apparent simplicity, this approach raises certain difficulties with regard to this hypothetical parliament's composition.

For it to be genuinely a eurozone parliament, the assembly should neither be dominated by MEPs nor by national MPs. Otherwise, the eurozone parliament itself would in practice be organized through either the EU or the national route discussed below. The members of the eurozone parliament should hence be elected, either in an indirect or a direct manner.

The indirect election of members of this notional eurozone parliament by national governments or EU institutions would seriously hamper the legitimacy of that parliament. It is hard to see how parliamentarians appointed in this way could be perceived as more legitimate than directly elected MEPs and national MPs.

If eurozone parliamentarians were directly elected, citizens would have to fill in a separate ballot when the European elections took place. This risks reinforcing the image of an overly complex EU, and might in the end be counterproductive for the EU's legitimacy (Piris, 2012; Beneš & Braun, 2014). As a result of these weaknesses, a new eurozone parliament does not seem to be the best possible design for eurozone level democracy.

The EU route: inside the European Parliament

A second, more realistic design option is to organize eurozone level democracy inside the European Parliament (Goulard & Monti, 2012; Glienicker Group, 2013). In this scenario, a committee (or subcommittee) that deals with eurozone matters would be created in addition to the existing committees. Potentially, a plenary for the eurozone could also be foreseen in the Parliament, although it would lack legislative

powers in the current legal setting. The eurozone committee and/or plenary would have to differentiate between the voting rights of eurozone and non-eurozone MEPs in order to genuinely allow scrutiny *by* the eurozone.

The advantage of this scenario is that it limits the problem of an *à la carte* parliamentary system. The same special committee could also deal with other forms of differentiated economic integration (notably the Banking Union). If the differentiation in parliamentary control were extended beyond economic matters, this supervision could still take place inside the Parliament through the creation of additional committees. Flexible composition of the Parliament's plenary is also conceivable. This approach has a further advantage: being organised in an EU-wide body, it ensures a close link with the other EU Member States. MEPs are – finally – well-informed about the EU's functioning, which will remain crucial even in eurozone level democracy.

However, the creation of a separate eurozone committee and/or plenary in the Parliament also comes with disadvantages. Most importantly, it risks creating a split in the Parliament between the ins and the outs of closer integration. The Parliament is currently a unitary institution in which all MEPs have the same rights, serving as a bridge overcoming specific national interests (Gostyńska & von Ondarza, 2012). A eurozone committee would inevitably change the Parliament's dynamic. A careful design could potentially limit the damage, but the risk of a harmful split remains.

Some argue in addition that it would legally simply not be possible to make a distinction between eurozone and non-eurozone MEPs. But this is an overly narrow interpretation of the EU's rules. In essence, the hurdle to a eurozone committee in the Parliament is not legal in nature, but political (Verhelst, 2014).

The national route: an inter-parliamentary assembly

The final possible route for the creation of eurozone level democracy relies on national parliaments. In this scenario, an inter-parliamentary eurozone assembly in which national MPs meet would be established. Several authors have proposed this kind of national-based approach to eurozone democracy (Piris, 2012; Legrain, 2014; Pisani-Ferry, 2014). This inter-parliamentary eurozone assembly could be created by upgrading the existing inter-parliamentary conference on EMU (see above). The assembly would meet more frequently, and should have increased competences to carry out eurozone scrutiny. Finally, voting rights would have to be limited to national MPs from the eurozone.

A key advantage of this option is that it would help increase the involvement of national parliaments in the eurozone's functioning. However, potential dangers also loom. A Member State-based route would notably go against the trend towards organizing EU parliamentary control at the transnational level. Part of the super-

vision of eurozone matters would then be reverted from the European to the national level. It is questionable whether national MPs would be able to consider the eurozone issues from a European point of view, rather than through their customary national lenses. While more national scrutiny of the eurozone is, of course, to be applauded, it should arguably not come at the expense of the role of the European level (Goulard & Monti, 2012).

MEPs could potentially be members of such an inter-parliamentary assembly, reducing the assembly's national bias. Yet MEPs would, almost by definition, be in the minority. The reason for this is that delegations from national parliaments would have to reflect the diversity of political views in each Member State (i.e., at least two MPs from each country) and at the same time have a degree of proportionality with regard to the Member States' population size (i.e., more MPs from large countries). The German Constitutional Court notably insisted on the latter, which renders it unlikely that a eurozone parliamentary body could be less proportionate than the European Parliament.

The result is a substantial number of national MPs in the inter-parliamentary assembly, outnumbering the eurozone MEPs that deal with EMU matters.⁷ Therefore, an inter-parliamentary assembly is destined to follow a national route towards eurozone level democracy (Mauer, 2013).

⁷ Roth (2011) has made a proposal for a eurozone parliament with 300 parliamentarians, of which half would come from the European Parliament and half from national parliaments. But even 150 national MPs might not allow for sufficient diversity along political views and Member States' population, and would at the same time outnumber MEPs dealing with EMU matters.

CONCLUSION

The potential creation of eurozone level democracy remains a contentious matter. As this paper makes clear, the concept contains both sense and nonsense. The very real calls for greater legitimacy are the essential drivers in favour of eurozone level democracy. In contrast, for practical and legal reasons, eurozone level democracy could have little added value, and even risks being counterproductive. Furthermore, there is the major risk that it could lead to a widening of the division between the eurozone and the other Member States.

It is important to bear in mind that, despite the potential disadvantages, eurozone level democracy might in the future become indispensable if the eurozone sets up its own budget. Without eurozone level democracy, the legitimacy of that budget – and of the eurozone – would be in serious peril.

If eurozone level democracy were considered, there are strong arguments in favour of organizing it within the European Parliament: additional forms of differentiated parliamentary control would be manageable and non-eurozone MEPs could be included in the decision-shaping. The downside is that the approach risks undermining the unity of the Parliament. A careful design could reduce this problem, but cannot make it disappear. Yet this downside should be compared to the disadvantages of the alternative forms of eurozone level democracy. These alternatives could fall victim to excessive complexity and/or a neglect of the transnational interests of the eurozone.

In any case, we should not expect miracles to result from eurozone level democracy. It would most likely not influence the citizens' perception of their voice in eurozone decision-making in a major way, nor would it necessarily lead to better output from the eurozone. Eurozone level democracy does have the more limited potential to enhance the EU's internal governance (or 'throughput' as Schmidt (2013) calls it), which might in turn help improve the EU's overall legitimacy. Because of this potential, it is this author's humble opinion that the idea of eurozone level democracy is too important to be dismissed out of hand.

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