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The Development of the European Parliament's Powers

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Abstract Hitherto, we lack a systematic, theoretically-guided explanation for one of the most striking institutional 'anomalies' within a system of international institutionalised cooperation: Why does the European Union, as the only system of international governance, contain a powerful representative parliamentary institution, the European Parliament, which possesses supervisory, budgetary and legislative powers? In this paper, I develop a theory of delegation to representative parliamentary institutions in international polities. It is argued that national governments' decisions to transfer sovereignty to a new (supranational) level of governance, triggers an imbalance between *input* and *output* legitimacy which political elites (in democratic polities) are fully aware of. To 'repair' this imbalance, proposals to create and empower a representative parliamentary institution play a prominent though not exclusive role. To assess the plausibility of the theory, three sets of cases to account for the delegation of supervisory, budgetary and legislative powers will be presented.

1. Introduction*

The objective of this paper is to answer a question that has puzzled students of European integration since the inception of the European Coal and Steel Community (ECSC) and that proves equally interesting for students of institutional design in general: Why have national governments successively bestowed the European Parliament (EP) with powers – supervisory, budgetary, and legislative – that bear closer resemblance to those of national parliaments in comparison to parliamentary assemblies of other international organisations?¹ In this paper, the focus will be on some of the landmark-decisions which have resulted in the gradual delegation of this power-‘trias’ to the EP: the Treaty of Paris instituting the European ECSC signed in 1951 ‘created’ the Common Assembly and endowed it with supervisory powers vis-à-vis the ‘executive’ High Authority (functional and institutional equivalent of the Commission); the Treaty of Luxembourg signed in 1970 reformed the Community’s budgetary procedure, endowing the EP with limited budgetary powers; the Single European Act (SEA) signed in 1986 completes the ‘trias’ by bestowing the EP with the power to influence legislative outcomes through the co-operation procedure and the Maastricht Treaty, signed in 1991, further extends the legislative powers of the EP.

This paper will be organised as follows. In the next section (2.), it will be shown that extant approaches of delegation and institutional choice have neglected the question of why national governments have created and successively empowered the EP. Moreover, I will argue that we experience a lack of analytical tools to appreciate the existence and successive empowerment of representative, parliamentary institutions (so called *majoritarian* institutions) in international politics. The ensuing section (3.) introduces some theoretical considerations in order to overcome this shortcoming in the literature and develops a theory of *majoritarian* institutions in international systems of governance. Sections 4-6 assess the plausibility of the theory by analysing three sets of cases which traditionally represent a parliament’s power ‘trias’ in order to explain why national governments endowed the European Parliament with these competencies: supervisory powers (ECSC), budgetary powers (Treaty of Luxembourg), legislative powers (SEA and Maastricht). In the final section of this paper (7.), I will provide a brief summary of the key findings as well as a few closing remarks to explain why, as of yet, the institutional settings of other international institutions do not contain representative or *majoritarian* elements.

2. The limits of the *functional theory of delegation*

A myriad of accounts for institutional design and change rest on the assumption that political elites (try to) anticipate the effects or functions of alternative sets of institutions and opt for those which best serve their interests (see, for example, Keohane, 1984). This *functional* approach to institutional choice is now a standard one in efforts to explain *principals’* (Member States’) decisions to *pool* and *delegate*² sovereignty to *agents* (non-majoritarian institutions)³ such as the Commission, the European Court of Justice and the European Central Bank (Moravcsik, 1991, 1998, Garrett, 1992; Pollack, 1997, 1999, 2002, Tallberg, 2000), and to account for the design of elaborate mechanisms to control these supranational agents (Pollack, 1997, 2002; Franchino, 2000).

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¹ Among the few scholarly attempts to explain the empowerment of the European Parliament, Jachtenfuchs (1999), Wagner (1999, 2001) and Hix (2002) are the most comprehensive.

² While *pooling* describes decisions by multiple principals to share decision-making competencies through adoption of (super)majoritarian decision-rules, *delegation* refers the transfer of sovereignty from the domestic sphere to the supranational level, e.g. to non-majoritarian institutions.

³ The key characteristic of ‘majoritarian’ institutions is the democratically elected character of its ‘personnel’, e.g. MPs or MEPs. In contrast, the personnel of ‘non majoritarian institutions’ is not directly elected or not directly managed by the elected officials and hence enjoy some degree of autonomy over a specialised and circumscribed policy area (see Thatcher and Stone Sweet, 2002: 2).

The above-mentioned accounts of delegation and agency control all share the assumption that social action is driven by a 'logic of consequentialism'⁴: Principals calculate the expected costs and benefits of delegation and will only delegate powers to agents if the expected benefits of delegation exceed the expected costs. More specifically, in international politics governments may choose to delegate powers to non-majoritarian institution to solve *commitment* problems, i.e. governments pre-commit to a stream of future policy decisions in order to remove these decisions from the unilateral tinkering ('defection') of individual governments. According to Moravcsik, "by pooling and delegating the right to propose, legislate, implement, interpret, and enforce agreements, governments restructure future domestic incentives, encouraging future cooperation by raising the costs of nondecision or noncompliance." (Moravcsik, 1998: 73) From this perspective, non-majoritarian institutions provide solutions to these collective action problems (non-decision and non-compliance), because the principals expect them to enhance the credibility of those promises struck between different principals (see Thatcher and Stone Sweet, 2002: 4). However, non-majoritarian institutions help fulfil functions other than enhancing credible commitments. For example, non-majoritarian institutions help to overcome informational asymmetries in 'technical' policy areas by offering expertise to produce 'good' public policy, or to enhance the efficiency of rule-making, i.e. they help reducing the decision-costs of principals by "respond[ing] to relatively specific problems and issues that arise, while principals set ... the more general terms of policy ..." (Thatcher and Stone Sweet, 2002: 4)

At the same time that the exploration of the *functional theory of delegation* continues to occupy a significant position in the discussion about institutional design and change of Community institutions, it has failed to illuminate the motivations that lie behind national governments' decisions to empower a *majoritarian* parliamentary institution as part of the Community's institutional setting. For the purpose of this article, the crucial question that the *functional theory of delegation* fails to illuminate is the following: When principals pool and delegate powers to supranational agents for the reasons listed above, why would they want to create and empower a *majoritarian* institution which, by definition, displays all the problems which induce principals to delegate powers to non-majoritarian institutions, and which could therefore play a role in *unravelling* the expected gains of delegation?

Supporters of the *functional theory of delegation* readily concede that factors other than those mentioned above must be at work when exploring actors' motivations to create and empower a majoritarian institution such as the EP: These factors range from 'central ideas' about democracy (Bräuninger et al., 2001), concerns about the 'democratic deficit' (Pollack, 1999, 2002; Schulz and König, 2001) to different domestic traditions about legitimating policy-making in unitarily- or federally-organised polities (Moravcsik, 1998; Moravcsik and Nicolaïdis, 1999). Yet, explanations of this kind remain unsatisfactory: they either invoke 'ideas' to mop up unexplained variance of institutional choices, or they offer propositions which are not subjected to empirical tests. The central shortcoming of the *functional theory of delegation* is nicely summarised by Alex Wendt who argues that the account offered by this theory "proposes that designs for institutional control reflect degrees of uncertainty and asymmetries of contribution, yet in debates about how to fix the 'democratic deficit' in the EU and other international organizations such cost-benefit calculations seem less salient than questions of legitimacy and principle. Arguably, this is because decision makers themselves see democratic accountability as an intrinsic good." (Wendt, 2001: 1025)

Where to go from here? A seemingly logical link would be the literature on the 'democratic deficit'. Claims that the Community suffers from a 'democratic deficit' have been advanced by political elites, the media and academics with increasing intensity in the wake of the negotiations leading to the Maastricht Treaty. The academic literature is mainly concerned with the assessment of whether or to what degree Community governance meets certain democratic standards, defined *a priori*. To 'measure' or assess these standards of democracy, accounts of the 'democratic deficit' differently emphasise the *input* and *output* dimensions of the concept of democratic legitimacy.⁵ In whatever way

⁴ The *locus classicus* for the distinction between different logics of action is March and Olsen (1989, 1998),

⁵ Many democratic theorists argue that the maintenance of and compliance with systems of governance is ensured by balancing the *input* and *output* legitimacy of political order (Weber, 1968; Scharpf, 1970, 1999;

Community 'democracy' is measured, the 'democratic deficit' (as one 'extreme' value of the 'democracy'-variable) is typically conceptualised as *dependent variable*. Yet, this perspective obscures the potential explanatory power of the concept for the behaviour of political elites, i.e. it does not allow us to ask and find answers to the question whether or not political elites care about the democratic credentials of the Community. This is an important observation given that the concerns about the 'democratic deficit' seem to be omnipresent, while its actual implications on the design and reform of Community institutions have been downplayed or 'under'-studied by the literature inspired by the *functional theory of delegation*. If the 'democratic deficit' is a real concern to political elites (and not just 'cheap talk'), why shouldn't it carry *behavioural implications* (under conditions that will be more closely defined in the next section), i.e. by influencing the way political elites think about and act upon questions of institutional design and reform?

3. A theory of delegation to *majoritarian institutions*

In this section, I will explore the question why and under what conditions political elites care about the effects of international cooperation on the 'democratic credentials' of the Community institutions, i.e. when will political elites perceive a 'democratic deficit' and feel compelled to do something about reducing it?

The behavioural implications of the perceived 'democratic deficit'

Democratic theorists⁶ underwrite the argument that the legitimacy of political order and, hence, actor compliance with a given system of governance is founded on alternative motives which have been introduced in the previous section: *input* and *output* legitimacy. Johnston (1999) and Hurd (1999) argue that if political actors in international politics were only interested in maintaining systems of international governance as long as they produce certain material benefits or reduce the costs of sustaining cooperation (e.g., by lowering transaction costs), we should nevertheless observe much less compliance with these systems of international order. With the terminology introduced here, we could thus argue that *input* legitimacy (i.e. maintaining political order for an intrinsic valuation of maintaining and promoting democratic procedures) is the difference between compliance based on material incentives (*output* legitimacy) and the overall degree of compliance with a system of political rule. Compliance C is hence a function of both *output* legitimacy OL and *input* legitimacy IL.

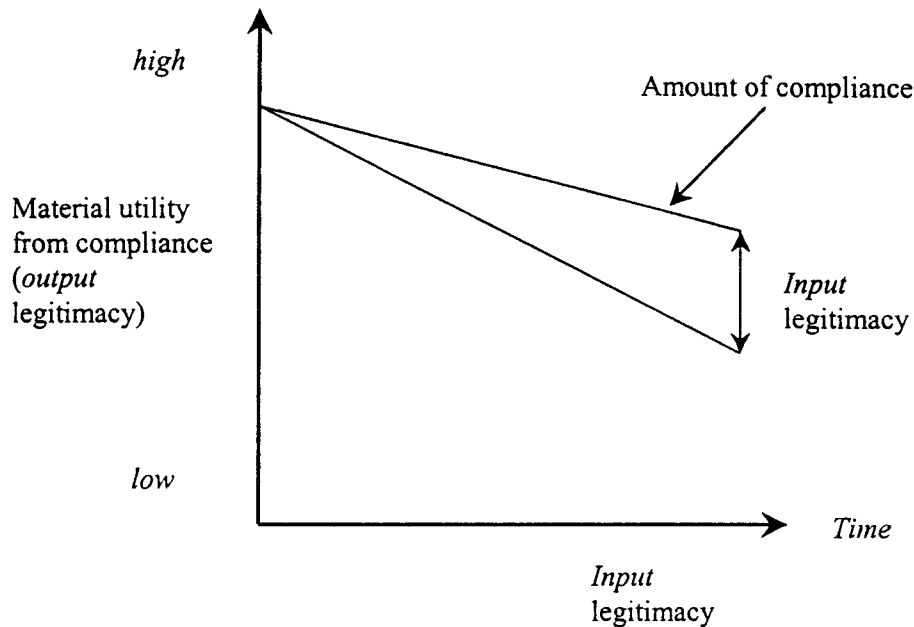
$$F(C) = OL + IL$$

Figure 1 presents this argument graphically, adding time as dimension. When the *output* legitimacy of a polity decreases over time (for example, when decisions to pool and delegate generate increasing opposition by actors who feel disadvantaged by these decisions) by factor X, the overall amount of compliance decreases only by factor X-Y where Y is the amount of *input* legitimacy.

Schmidt, 2000). Input-oriented legitimacy emphasises the condition of 'government by the people' which stipulates that "[p]olitical choices are legitimate if and because they reflect the 'will of the people' – that is, if they can be derived from the authentic preferences of the members of a community" (Scharpf, 1999: 6), while output-oriented legitimacy emphasises the condition of 'government for the people' which defines that "political choices are legitimate if and because they effectively promote the common welfare of the constituency in question." (Scharpf, 1999: 6). With a view to assess the 'democratic credentials' of the EU, Carter and Scott (1998) and Hix (1998), for example, emphasise the input-dimension of the 'democratic deficit' (or 'non-deficit') whereas Majone (1996a, 1996b, 2000) advance an output-oriented interpretation of the Community's democratic credentials, and Scharpf (1997, 1999, 2001) opts for an 'integrated' approach which combines both input and output elements.

⁶ See previous footnote.

Figure 1: Sources of legitimacy and system compliance



Source: adapted from Johnston (1999)

Why is this distinction between *input* and *output* legitimacy so vital for the question at hand? With the gradual growth of the Community's policy-making powers through ongoing pooling and delegation, the Community has come to exercise functions that, traditionally, belonged to the domain of nation states. Against this background, Robert Dahl has observed that the process of European integration presents the European public and its political leaders with a "fundamental democratic dilemma" (Dahl, 1994: 23) which picks up the composite requirement of guaranteeing legitimate political order (fuelled by *output* and *input* legitimacy). Wherever and whenever democratic polities are subjected to significant external socio-economic or security challenges which cannot be met unilaterally, political elites face a trade-off between, on the one hand, enhancing the capacity of their polity to deal with these challenges effectively by increasing the size of their political unit (i.e. through inter- or supranational cooperation) and, on the other hand, citizens' and their representatives' ability to influence the government through direct or indirect participation (which decreases with unit size):

"That larger political systems often possess relatively greater capacity to accomplish tasks beyond the capacity of smaller systems leads sometimes to a paradox. In very small political systems a citizen may be able to participate extensively in decisions that do not matter much but cannot participate much in decisions that really matter a great deal; whereas very large systems may be able to cope with problems that matter more to a citizen, the opportunities for the citizen to participate in and greatly influence decisions are vastly reduced." (Dahl, 1994: 28)⁷

Schmitter (1996), Fligstein and McNichol (1998), and, more recently, Donahue and Pollack (2001) have shown that the 'centralisation' of policy-making at the Community level has increased remarkably since the early days of European integration. This development has taken place against the backdrop of the development of increasingly influential and powerful supranational institutions, i.e. the European Commission and the European Court of Justice. Yet, the ongoing pooling and delegation of national sovereignty to deal with challenges of security or socio-economic interdependencies has left democratic processes, on the domestic or European level, not unchallenged. Bernhard Weßels

⁷ See also Dahl and Tufte (1973) for this argument.

claims that this development “naturally raises the democratic question of how the system of institutions exercising this power is to be controlled and held accountable.” (Weßels, 1999: 2) Given the far-reaching competencies of Community institutions, the democratic legitimacy of the evolving Community polity is considered a key concern by national political elites. According to a survey conducted in 1996 and asked about their satisfaction with the workings of democracy in the Community (as opposed to the domestic level), 50% of the respondents among MPs from eleven Community countries were ‘not very satisfied’ (40%) or ‘not satisfied at all’ (10%). In contrast, when asked about the workings of democracy in their own countries, only 20% of the respondents among national MPs were not satisfied (Weßels, 1999: Table 1). In 1998, the European Commission published the results of a survey conducted in 1996 among Community ‘top decision makers’ (elected politicians, such as MPs and the MEPs, senior national civil servants, business and labour leaders, etc.) which mirror the perceived (albeit cross-nationally variable) desire to reform the Community institutions and make them more democratic (European Commission, 1998: 14-15, 31-36, A.14-A.21).

The arguments advanced in the previous paragraphs suggest that the process of European integration puts the existing equilibrium between *input* and *output* legitimacy into jeopardy, both at the national level as well as on the European level: While Community Member States are predominantly concerned with the pooling and delegation of sovereignty to enhance the Community’s problem-solving capacity governance, citizen participation and popular self-determination is increasingly put under stress as democratic processes in the Member States are challenged by decisions to pool or delegate sovereignty. If *delegation*, i.e. the transfer of sovereignty from the domestic sphere to the supranational level, occurs, concerns about *input* legitimacy are likely to be mirrored by the follow questions: Who are supranational actors accountable to? Who will control them? Can delegation be justified solely by referring to the material gains from cooperation (economic, security, etc.)? If *pooling*, i.e. the sharing of decision-making competencies through adoption of majoritarian decision-rules, occurs, concerns about *input* legitimacy are likely to reflect problems such as: How does pooling affect the channels of democratic participation, e.g. parliamentary prerogatives? Who are national governments accountable to when portions of their decision-making powers are pooled? The following proposition summarises the relationship between pooling and delegation on the one hand, and *output* and *input* legitimacy on the other.

Proposition 1

Pooling and delegation of national sovereignty will produce an asymmetry between *output* and *input* legitimacy (a ‘democratic’ or ‘legitimacy deficit’⁸).

Even if it will be possible to conjecture from empirical evidence that political elites perceive a ‘legitimacy deficit’, we do not yet know the *content* of the proposals that will be advanced for its remedy. Will these proposals to reduce the ‘legitimacy deficit’ uniformly stress the importance of the EP? The next section will shed light on this question.

Alternative proposals to tackle the perceived ‘democratic deficit’

National governments and domestic political parties may offer fundamentally different interpretations for the perceived severity of the ‘legitimacy deficit’, and they may equally pursue different proposals as to how the it should be reduced. In this context, shared beliefs about what constitutes a legitimate governance structure play an important role. According to Markus Jachtenfuchs and collaborators, these beliefs are based on “convictions about the rightfulness of governance shared by actors in the political system. These convictions are not uniform or consensual but may differ widely among different groups or corporate actors, for ... there are always contending structures of meaning, and hence contending polity-ideas.” (Jachtenfuchs et al., 1998: 413) Beliefs which express different ‘convictions about the rightfulness of governance’ or ‘standards of appropriate governance’ are called ‘democratic ideal types’ (Katz, 2000), ‘polity ideas’, or ‘legitimizing beliefs’ (Jachtenfuchs et al., 1998, Jachtenfuchs, 1999, Diez, 1999). These ‘legitimizing beliefs’ are ‘likely candidates’ to guide

⁸ The two terms will be used interchangeably.

actors' preferred institutional choices, by serving as *road maps* or *signposts*, as they "express a world view that influences behaviour not only directly, by setting standards of appropriateness for behaviour, but also indirectly through selective prefabricated links between values that individuals or collectivities habitually rely upon to address specific problems." (Katzenstein, 1993: 267; see also DiMaggio and Powell, 1991, Goldstein and Keohane, 1993, and Jachtenfuchs, 1999) In this context, the prescriptive value of 'legitimizing beliefs' held by different societal groups within each Community Member State is important to understand the distinct evaluations and assessments of the challenges pooling and delegation pose for understanding institutional reform. Recent scholarship has provided students of European integration with extensive material to establish a typology of different 'legitimizing beliefs' and their prescriptive thrusts ('if actor *A* holds legitimating belief *X*, she is likely to propose *Z*'). Jachtenfuchs and collaborators have developed a typology of different 'legitimizing beliefs', based on qualitative content analysis of party manifestoes (see Jachtenfuchs et al., 1998; Jachtenfuchs, 1999; Diez, 1999). These 'legitimizing beliefs', for example, guide the actors 'carrying' these beliefs in their evaluation of the question of the Community's democratic credentials. Jachtenfuchs and collaborators present four analytically distinct 'polity ideas', *Federal State*, *Intergovernmental Cooperation*, *Economic Community* and *Network Governance*⁹ which allow us to derive propositions with regard to the responses political elites are likely to make when they confront a perceived 'legitimacy deficit'. Conditional upon which 'legitimizing belief' different political elites hold, alternative solutions as to how the 'democratic deficit' shall be solved will be advanced. For those adhering to a *Federal State* 'legitimizing belief', legitimacy is traditionally the expression of a condition of *dual* popular sovereignty which is split and shared across different levels of governance (state- and union-level). The *Federal State* 'legitimizing belief' therefore combines *communitarian* and *individualistic* elements of democratic legitimacy and is 'implemented' through a system that combines popular representation and state representation at the federal- or union-level (Bundesrat or US Congress system). In contrast, the *Intergovernmental Cooperation* 'legitimizing belief' is based on the *communitarian* principle or 'social legitimacy' which vests legitimate rule in the nation.¹⁰ Interstate cooperation and integration is desirable as long as it is *autonomieschonend* (i.e. protective of a national democracy's autonomy) and does not undermine national democratic process and institutions. The 'legitimizing belief' of an *Economic Community* bases the legitimacy of a supranational polity on effective and efficient solutions to allocative problems that can best be solved either via the market mechanism or through delegation to non-majoritarian institutions such as independent regulatory agencies. To better grasp the distinctiveness of the different 'legitimizing beliefs' and the different solutions for the dealing with the 'legitimacy deficit', a comparison across the following dimensions is helpful (see Table 1).

⁹ See Jachtenfuchs (1999: 129-137). The discussion in this article will be limited to the first three 'legitimizing beliefs' (excluding the *Network* 'legitimizing belief') because, thus far, they have provided the most prominent *signposts* for political actors' preferences towards institutional design and reform (see Jachtenfuchs et al., 1998, 1999).

¹⁰ For a distinction between *communitarian* and *individualistic* conceptions of legitimacy in systems of international governance, see Schimmelfennig (1996) and Bienen et al. (1998).

Table 1: Legitimizing beliefs and ‘readings’ of democracy, legitimate governance and the nature of the Community’s ‘legitimacy deficit’

	Federal State	Intergovernmental Cooperation	Economic Community
Source of legitimacy	Popular sovereignty at state and union level of governance; communitarian and individualistic principles	National sovereignty (sovereignty indivisible); communitarian principle	Economic efficiency
Conception of democracy at the inter-/supranational level	Parliamentary assemblies on state and union level	Population size-adjusted intergovernmental institutions	No (<i>procedural</i>) democratic legitimacy requirement
Nature of the ‘legitimacy deficit’ and remedies to reduce it	Delegation/pooling produces accountability gap weakening national parliaments, representative element at Community-level is too weak / EP should be empowered	Delegation/pooling produces accountability gap weakening national parliaments / ‘legitimacy deficit’ has to be solved domestically (e.g. increasing scrutiny powers for national parliaments)	Economic effectiveness (substance) and efficiency (means) guarantee legitimacy / indifferent to EP empowerment as long as it does not hamper effectiveness and efficiency

The following proposition summarises the main theoretical claims advanced in this section.

Proposition 2

Alternative proposals to create and reform institutions with a view to reducing the asymmetry between *input* and *output* legitimacy (i.e. the ‘legitimacy deficit’) are likely to reflect differences in ‘legitimizing beliefs’ held by different political elites.

With regard to the research design and methodology of this article, two caveats are at order. First, the theory advanced in the previous sections offers an account, on the one hand, of *why* and *when* national governments opt for reducing the ‘legitimacy deficit’, and, on the other, the proposals they are likely to advance in order to reduce the asymmetry between *output* and *input* legitimacy. What this paper, however, does not offer is a comprehensive explanation of the bargaining outcome once actors’ preferences have been established.¹¹ Secondly, the theory constructed in the previous section is a *candidate*-theory as it was built as a result of my research on the creation and empowerment of the EP. Therefore, one stage of inquiry before theories can be tested involves exploring the *plausibility* of such candidate-theories (Eckstein, 1975: 108). Hence given that there is no prior information on the theory’s performance, it seems reasonable to use the three cases presented in this article as ‘pilot studies’ to see whether these *plausibility probes* confirm the theory’s plausibility and hence allow for more extensive data gathering, theory refinement and, ultimately, theory testing (see, for example, Bennett and George, 1997 and Odell, 2000) To conduct such ‘pilot studies’, it is advisable to choose cases that can be considered ‘easy’ cases for the candidate-theory. I have therefore selected cases which should be ‘easy’ for the theory, i.e. cases where pooling and/or delegation occurred and where it

¹¹ Given space constraints, an account of the micro-processes which connect domestic preferences for/against the EP’s empowerment with government representatives’ behaviour at IGCs and an analysis of the bargaining outcome cannot be provided here.

can thus be expected that concerns about the 'legitimacy deficit' are pertinent.¹² In the sections that follow, the propositions elaborated above will be subjected to empirical scrutiny.

4. 'Executive' control powers and the birth of a parliamentary institution: the Common Assembly of the ECSC

The principle of *supranationality* is usually portrayed as a novelty in the history of international politics which had its 'breakthrough' in the 1950s (Thiemeyer, 1998). According to Thiemeyer, "the first supranational organisation was the European Coal and Steel Community ... The Member States delegated previously national competencies in the coal and steel sectors [to the new organisation]." (Thiemeyer, 1998: 6)¹³ Jean Monnet, the mastermind behind the 'Schuman Plan', has provided ample references in his *Memoirs* to the deadlock and frustrations experienced as a result of most post-war inter-state cooperative efforts. The various security and economic challenges that Western Europe was facing at the time were not met with adequate international 'organisational' responses. One of the major 'culprits' identified by Monnet which obstructed progress was the intergovernmental decision-making mode, prevalent in all extant organisations such as the OEEC or the Council of Europe (see Monnet, 1978: 271-73, Scalingi, 1980: 14-15, Duchêne, 1994: 187) Monnet's verdict on the decision-making capacity of the 'intergovernmental method' was damaging, pronouncing that "inter-governmental systems, already weakened by the compromises built into them, were quickly paralysed by the rule that all decisions must be unanimous." (Monnet, 1978: 281) Yet, what could be done to overcome the paralysis of unanimity? Monnet states his solution clearly and unmistakably: "*National sovereignty would have to be tackled more boldly and on a narrower front.*" (Monnet, 1978: 274, emphasis added) The 'Monnet Method' was born: sectoral and gradual delegation of national sovereignty to common (supranational) institutions.

The Schuman Plan, officially announced by foreign minister Robert Schuman on 9 May 1950 in the Quai d'Orsay, combined economic- and security-induced motives for a new form of supranational inter-state cooperation.¹⁴ In his memoirs, Monnet himself referred to his plan as a "bold, constructive act" and Duchêne labels it a "break with the past" mirrored in the proposal for a *supranational* organisational form (see Duchêne, 1994: 205). The *conditio sine qua non* of the plan was that the prospective Member States of the ECSC accepted the idea of the *delegation* of sovereignty in the respective policy sectors to a supranational High Authority that had the power to make decisions binding on the Member States. This idea was espoused in the 'Schuman Plan' declaration of 9 May 1950 as follows:

"By pooling basic production and by instituting a new High Authority, whose decisions will bind France, Germany and other member countries, this proposal will lead to the realization of the first concrete foundation of a European federation indispensable to the preservation of peace."¹⁵

¹² The conditions for a more comprehensive theory *test* would invoke two complementary strategies: Scrutiny of all those instances in which national governments have pooled and/or delegated sovereignty (where we would consequently expect a 'legitimacy deficit' to exist); conversely, one has to look at all instances of the EP's empowerment and should then expect to observe that these instances have been preceded by a 'legitimacy deficit'.

¹³ Note that the following represents only a limited selection of the ample literature on the 'Schuman Plan' and the founding of the ECSC. See, for example, Racine (1954), Diebold (1959), Mosler (1966), Milward (1984), Schwabe (1988), Gillingham (1991), Duchêne (1994), Featherstone (1994), Lappenküper (1994), Spierenburg and Poidevin (1994). See also Adenauer's and Monnet's memoirs (Adenauer, 1965; Monnet, 1978).

¹⁴ Lynch stresses, however, that besides the economic importance of Monnet's plan, the political and even moral aspects of the plan were rather more crucial: "Economic details were of secondary importance. It is true that [Monnet] did not commission a detailed examination of the relative costs in the French and German coal and steel industries ... before making the proposal." (Lynch, 1988: 124; see also Monnet, 1978: 289-292)

¹⁵ See Leiden University, History Department, EU History, History of European Integration-site <<http://www.let.leidenuniv.nl/history/rtg/res1/declaration.html>> (accessed in June 2002).

The invention of supranationality and the perceived 'legitimacy deficit'

With the supranational idea having firmly entered the realm of inter-state cooperation, we would expect – if *proposition 1* holds – that the traditional logic of accountability in international politics, based on the unanimity principle and thus the unconditional veto right of national governments, would be subject to challenge and re-definition: One of the central aims of the Schuman Plan was to overcome the paralysis of unanimity by delegating sovereignty to a supranational body whose decisions would be binding on the Member States. Consequently, it would surely *not* make sense if the newly designed supranational body was to be controlled by those whose independent decision-making power it should overcome.

It was hence the question of the democratic accountability of the new supranational organ, the High Authority, which caused fierce debates about the locus of legitimacy and sovereignty even before the official negotiations of the Schuman Plan had taken off. The 'accountability-question' was most resolutely advanced by the governments in Brussels and The Hague. Dirk Spierenburg, leader of the Dutch delegation, warned his government about the potential role of the High Authority claiming that it was likely to represent a congregation of experts exercising some form of dictatorship over national coal and steel industries (Griffiths, 1990: 265-266). Reactions of similar kind echoed from Brussels where it was demanded that the High Authority had to be held at bay and could not go uncontrolled (Küsters, 1988: 78-79). These concerns about the potential pre-eminence of the High Authority in the political system of the ECSC voiced prior to the beginning of the negotiations led Monnet to reflect more intensely on control mechanisms that could be instituted vis-à-vis the High Authority (Lappenküper, 1994: 418). He saw clearly that transfers of sovereignty to the High Authority would be unacceptable without adequate mechanisms to control the 'executive' High Authority (Küsters, 1988: 79), a view which was shared by foreign minister Robert Schuman

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Yet, the question about the democratic control of the High Authority was far from being settled. The fact that this question proved so 'nagging' for all participants showed that the (partial) delegation of sovereignty to a supranational body was perceived to constitute a new layer of governance which had to be subject to principles of democratic control and accountability. While the evidence presented in this section provides strong support for *proposition 1*, it also hinted at the observation that the governments participating in the Schuman Plan-negotiations were far from agreement on the appropriate form of control mechanisms that should be created to keep the High Authority accountable.

Tackling the 'legitimacy deficit'

The statements laid down in the previous paragraphs indicate that the different governments offered a variety of different arguments to express their preferred solutions to the question of accountability (*proposition 2*). Yet, while the German and French responses to the 'accountability'-problem were guided predominantly by a *Federal State* 'legitimizing belief', the Benelux countries' institutional response was strongly influenced by the dominance of socio-economic objectives and support of the *Economic Community* 'legitimizing' belief.

One member of the German delegation to the Schuman Plan's legal affairs committee, stated that "during the course of the first days of the conference of delegates it became apparent that ... the grand issues of constitutional politics must not be neglected: the distribution of functions between governing organs ... The necessity to control the High Authority was immediately obvious. All governments were parliamentary democracies." (Mosler, 1966: 369, author's translation). Monnet, in a similar vein, argued that "[i]n a world where government authority is derived from representative parliamentary assemblies, Europe cannot be built without such an assembly."¹⁷ Time and again, Hallstein, Ophüls and other prominent members of the German delegation justified their institutional proposals by taking recourse to the *Federal State* 'legitimizing belief'. Although the French and German delegations were equally aware of a 'legitimacy deficit' if the High Authority was not subject to some form of

¹⁶ MAEF.DECE: Déclarations à la Presse anglo-américaine, 8 June 1950.

¹⁷ AA/PA.SFSP – 62, 11 July 1950 (author's translation).

parliamentary control, their arguments to support or oppose certain proposed institutional control mechanisms differed nevertheless. The head of the German delegation, Walter Hallstein, emphasised these differences by criticising the French draft memorandum on institutions:

“... The Common Assembly cannot be viewed as an organ representing the interests of different individual states, but is – by its very nature – a unitary organ, because control over a unitary organ [the High Authority] can only be ensured by a unitary organ, otherwise one would deny the supranational nature of the High Authority. On the other hand, the ministerial committee represents the interests of states ... The European Union ... will have a Federal State-like character, in which the representation of individual states’ interests is, after all, legitimate. Despite making reference to the example of the United States of America it was a difficult enterprise to make some of the French Gentlemen understand the concept of a Federal State, given that they – understandably – are used to depart from the tradition of the French unitary state. ... [T]here was agreement that the Common Assembly had to be strengthened ... beyond what the French working document envisaged. To justify this necessity, Hallstein drew attention to the logic of a federal constitution, in which the state [or unit]-element had to be balanced by a federal-element unless one would want to stop at the stage of a confederation ...”¹⁸

While there was agreement on basic constitutional principles (parliamentary accountability of the ‘executive’ High Authority), the French and German delegations were not completely at one regarding the exact role of the Common Assembly and the scope of its powers: Given the German delegation’s firm adherence to a *Federal State* ‘legitimising beliefs’, the French delegation was not guided by an equally well-defined *Leitbild*, although – on a number of occasions – Monnet underlined that the ultimate goal was to create a federal institutional set-up¹⁹ which, at the time, took little notice of federalism-proper, so the German delegation lamented.²⁰

The *Federal State* ‘legitimising belief’ was furthermore exemplified in the German delegation’s proposal for a unicameral or, alternatively, a bicameral ‘Montan-Kongress’²¹ which should be the counter-weight to the High Authority, the executive organ (Gerçek, 1998: 108-109). Congruent with the conception of the Common Assembly as a legislature, Germany favoured a strong parliament with real decision-making and budgetary powers rather than a weak parliament which would be only endowed with control powers.²² French scepticism with regard to the powers of the assembly (as well as with regard to the ‘second’ federal element, the Council of Ministers representing the individual state’s interests) thus has to be seen (a) against the background of a lack of ‘familiarity’ with a federal institutional set-up, and, more importantly, (b) in the context of their strong preference for a largely unconstrained High Authority.

The position of the Benelux governments with regard to the creation and powers of the Common Assembly was strongly informed by the *Economic Community* ‘legitimising belief’. In the eyes of the Benelux governments the new supranational polity derived its legitimacy essentially from the prospect that delegation would provide effective and efficient solution to economic interdependencies while, at the same time, interference with domestic socio-economic policy objectives by the High Authority had to be ruled out (B. Rittberger, 2001: 691-694). The creation of the Common Assembly, if endowed with legislative powers – as proposed by Germany – did not meet these requirements. Furthermore, the Benelux governments stressed that the High Authority had to be held at bay, in order to prevent it

¹⁸ AA/PA.SFSP – 62, 27 July 1950 (author’s translation).

¹⁹ See, for example, AA/PA.SFSP – 102, 26 July 1950 where it reads (in the original): “Der Vorsitzende (Monnet, Frankreich) betonte, dass das politische Leitbild die Schaffung von föderalen Organen sei.”

²⁰ See, for example, AA/PA.SFSP – 102, 10 August 1950.

²¹ The following alternatives of a ‘Montan-Kongress’ were considered. The first included a Council of Ministers as ‘first chamber’ and a European Parliament as ‘second chamber’ (“dualistic solution”). The second was conceived as a one-chamber assembly in which one half would be composed of members of parliament elected from the ranks of national parliamentarians and the other half of delegates of the different governments (“monistic solution”) (see Gerçek, 1998: 108-109).

²² See, for example, AA/PA.SFSP – 102, 10 August 1950, AA/PA.SFSP – 103, 20 July 1950.

from interfering with domestic policy objectives, and consequently, the role for national governments in a ministerial council was emphasised.²³ The Benelux countries accepted the Common Assembly as an element of the institutional structure of the ECSC, under the condition that it did not have any legislative powers and hence could affect policies in a potentially unpredictable and -controllable manner. Why was this the case? First, the Benelux countries accepted the argument employed by France and Germany that the partial delegation of sovereignty embodied by the new supranational High Authority needed to be equally controlled by a supranational body, a parliamentary assembly. In a discussion with Monnet, Suétens was reported to have subscribed to the following argument:

“Given that the High Authority is not accountable to governments, yet given that it has to be accountable to some institution, the only body to realise this accountability was a representation of the sovereignty of the people.”²⁴

Secondly, a parliamentary body that possessed ‘executive’ control powers (censure motion) was considered unproblematic or even beneficial because it provided an additional ‘check’ on the High Authority. Consequently, a parliamentary institution endowed solely with control powers was not ‘costly’ and was expected to play a negligible role in the Community’s institutional set-up.²⁵

5. Budgetary powers: the Luxembourg Treaty of 1970²⁶

It can be considered an irony in the European Community’s development that the Member State pressing most strongly for the completion of a common market for agricultural products, France, was most reluctant to accept the institutional consequences of creating a common agricultural market: Whereas the creation of a system of own resources (stemming from agricultural levies on agricultural imports) was accepted as necessary corollary of the creation of a common market for agricultural products, another seemingly logical corollary was contested vehemently: the extension of the EP’s budgetary powers in the light of the decline of national parliament’s budgetary powers.

The creation of ‘own resources’ and the perceived ‘legitimacy deficit’

Despite all the public rhetoric about retaining the ‘grandeur’ of France, one of Charles de Gaulle’s primary policy objective was to secure financial advantages for French agriculture within a common European market for agricultural products since French agricultural products were only competitive within Europe but not on world market scale (see Moravcsik, 1998: 179, Moravcsik, 2000). Following the Council’s request, the Commission presented proposals regarding the creation of a system of own resources to the Council in March and April 1965.²⁷ The Commission affirmed in its proposals that the changes envisaged as a result of the creation of own resources would render a re-examination of the budgetary procedure as laid down in Article 203 EEC²⁸ necessary, in particular those provisions affecting the EP’s role in the budgetary procedure. However, when the Council met to discuss the Commission’s proposals in late June, no agreement was found, and in the night of 30 June-1 July 1965, the French representative left the negotiating table triggering what was to become known as the

²³ AAPD – 1949/50, No 84, 3 July 1950 (author’s translation). See also AA/PA.SFSP – 62, 11 July 1950.

²⁴ AAPD – 1949/50, No 89, 11 July 1950 (author’s translation).

²⁵ “Tout en doutant de son opportunité quant aux garanties qu’elle pourrait offrir dans la réalité, on peut penser que sa création dans les conditions prévues au projet ne comporterait pas d’inconvénients majeurs.” (JMDS.A-07.02-000073: Schuman Plan and the Belgian Response, Ministère des Affaires Étrangères, Fonds van der Meulen 5216, Jan-Juin 1950, Schuman Plan; Cabinet du Jurisconsulte [Note de J. Mûuls concernant le projet de traité relative au charbon et à l’acier, rédaction du Plan Schuman du 8 novembre 1950].)

²⁶ Parts of this section are based on Lindner and Ritberger (2002).

²⁷ EP (1970: 71-82) provides a synopsis of the different proposals.

²⁸ The relevant sections of the non-amended Article 203 EEC read as follows: “3. The Council shall, by a qualified majority vote, draw up the draft budget and then transmit it to the Assembly. ... The Assembly shall be entitled to propose to the Council amendments to the draft budget. 4. If, within the period of one month from the receipt of the draft budget, the Assembly has given its approval, or has not made its opinion known to the Council, the draft budget shall be considered as finally adopted. If, within this period, the Assembly has proposed any amendments, the draft budget so amended shall be transmitted to the Council. The Council shall then discuss it with the Commission and, where appropriate, with the other institutions concerned and shall finally adopted the budget by qualified majority vote.”

'empty chair crisis'. For the purpose of this article, it is not necessary to re-capitulate the motivations held by the different actors that finally produced the 'empty chair crisis' (see, for example, Lambert, 1966; Newhouse, 1967).²⁹ It is important to bear in mind that attempts to create a system of own resources which would bypass national budgetary procedures were under way in the early 1960s, and that they would, almost inevitably, re-surface sooner rather than later.

Following de Gaulle's resignation in the summer of 1969, France immediately launched a new initiative to achieve a permanent financial settlement for the CAP. On 16 July 1969 the Commission, again, proposed to replace Member States' national contributions with a system of own resources together with proposals to alter the budgetary procedure. At their meeting in The Hague on 1-2 December 1969, the heads of government of the six Community member States agreed, *inter alia*, on the creation of a system of own resources (according to Article 201 EEC Treaty) and a concomitant reform of the budgetary procedure (Article 203 EEC Treaty). A final agreement on a Community system of own resources and the concomitant Treaty changes was not reached until April 1970 (see Coombes, 1972: 27). The agreement foresaw that, after a transition period, from 1 January 1975 onwards "all agricultural levies and customs duties will be paid directly to the Communities' budget" (Coombes, 1972: 27). The so-called Luxembourg Treaty signed the following day (22 April 1970) amended the original Treaty providing for a reformed budgetary procedure.³⁰ Following *proposition 1*, the events of 1970 represent an instance of delegation, with national governments (and parliaments) transferring authority for the levying of resources to the Community-level. Hence, if *proposition 1* holds, we would expect political elites in the Member States and Community institutions to express concerns about a 'legitimacy deficit' resulting from the decision to delegate certain budgetary competencies to the Community and the concomitant exacerbation of the asymmetry between *input* and *output* legitimacy.

As soon as the discussion about the creation of own resources surfaced, calls for an extension of the EP's budgetary powers came to the forefront. The Commission, the European Parliament and most national governments advocated that a link be established between the creation of a Community system of own resources and the empowerment of the EP in the budgetary sphere. Although proposals to extend the EP's powers had been around for a considerable while,³¹ the time seemed ripe for the launch of a new endeavour to extend the EP's powers. The Dutch permanent representative to the European Communities made it clear that, with the creation of the EAGGF (European Agricultural Guidance and Guarantee Fund), national parliaments were to lose control of a considerable sum of expenditures that would become genuine Community expenditures. It was therefore considered necessary to establish an appropriate approval and oversight mechanism the use of these funds on the supranational level, exercised by the EP.³² Yet, the French government continuously disputed that such a link actually existed.³³ Interestingly, although it was not admitted publicly, French internal government documents provide evidence that the argument about the fading of national parliament's budgetary control powers was taken seriously.³⁴ After de Gaulle's resignation, President Georges Pompidou and the new Gaullist government pushed for resuming talks on the issue of completing the common market for agricultural products and the creation of a permanent financing arrangement. In the aftermath of the summit in The Hague, the discussion as far as it affected the EP's budgetary powers ceased to centre on the question *if* there should be an extension at all but instead represented one in which questions of 'degree-ism' prevailed. France had accepted the 'logic', yet its exact

²⁹ See also AAPD, 1965 [No. 248, 265, 266, 267, 272].

³⁰ Extracts from both documents can be found in Coombes (1972: 91-102).

³¹ For example, the German government, referring to a Council decision of 30 July 1963, called upon COREPER to study proposals about the strengthening the Assembly's powers. The German government demanded improved mechanisms of consultation between the Community organs. A proposal of the Luxembourg government played a similar tune, i.e. calling for extension of the consultation procedure to areas where no such consultations were yet foreseen (MAEF.DECE-05.02, MAEF 1124, 18 December 1963).

³² See MAEF.DECE-05.02, MAEF 1124, 18 December 1963; see also AAPD, 1965 [No 243] for a reference to a resolution adopted by the Dutch Second Chamber calling for the extension of the EP's budgetary powers once a system of own resources is introduced.

³³ See AAPD, 1965 [No 219].

³⁴ See MAEF.DECE-05.02, MAEF 1124, 10 May 1965.

implications remained in dispute: what role should the European Parliament be allowed to play in the budgetary procedure?

So far, reactions to the prospect of creating a system of own resources (i.e. delegating budgetary powers to be exercised by the Community) provide ample support for *proposition 1*: When delegation 'looms', concerns about an asymmetry between *input* and *output* legitimacy are not very far off. After the issue of delegation itself was shelved (as was, consequently, the issue about the extension of the European Parliament's budgetary powers) following the French government's 'empty chair'-decisions, it took almost four years until the same issues were taken up again.

How to tackle the 'legitimacy deficit'?

If *proposition 2* holds we would expect national governments to take recourse to (alternative) 'legitimizing beliefs' to propose remedies for the 'legitimacy deficit'. Did national governments proposals hence reflect alternative 'blue-prints' of how (and if at all) democracy should be exercised at the supranational level?

In his address to the National Assembly on 4 November 1969, the French Minister for Foreign Affairs Maurice Schuman referred to the French government's commitment to advance Community affairs by dealing with the triple objectives of *achèvement*, *renforcement* and *élargissement* at the forthcoming summit in The Hague. He pointed to the centrality of the Common Agricultural Policy and the establishment of a permanent financing arrangement before accession negotiations with the UK could begin, yet the government did not mention the potential institutional consequences of instituting a new Community financing arrangement, and no reference was made to the proposals about enhancing the EP's budgetary powers.³⁵ While, in private, questions about the *input* legitimacy of the new financing arrangement were addressed,³⁶ the government was either tacit in this respect, or downplayed any potential concerns in public. MPs from the governing UDR (Union des Démocrates pour la République) were openly critical with regard to the potential institutional implications of implementing the objectives agreed upon in The Hague. Gaullist MPs did not view a solution to the 'legitimacy deficit' in the empowerment of a supranational parliamentary institution. The governments in the Council had to remain the key decision-makers, especially since *they* were ultimately responsible to national MPs.³⁷ In contrast to the government's line before de Gaulle's resignation, which posited that the empowerment of supranational institutions, such as the Commission and the EP, was unacceptable – as the 1965-1966 'empty chair crisis' demonstrated –, under Pompidou's Presidency, the Gaullist government was primarily interested in locking in sectoral commitments, i.e. a favourable arrangement on the CAP³⁸ even if this involved the selective delegation of sovereignty. However, in order not to upset 'rank and file' Gaullists, the potential institutional implications of such decisions (more 'supranationality', weakening of the domestic parliament) had to be downplayed. Yet, concerning proposals for enhancing the EP's budgetary powers, the Gaullists remained firm supporters of an *Intergovernmental Cooperation* 'legitimizing belief' viewing the EP's participation as an obstacle to rather than a source of *input* legitimacy.

Not only did the question about the empowerment of the EP assume a much more prominent position in the debates in the run-up to the summit in The Hague in the other five Member States, most

³⁵ Journal Officiel, Assemblée Nationale, debate of 4 November 1969: 3301.

³⁶ An internal document of the Quai d'Orsay refers to the Commission proposals of 1965: "... il s'agirait d'étendre les prérogatives de l'Assemblée sous prétexte que le budget comprendrait désormais des ressources propres et non plus seulement des contributions financières des Etats membres. Mais il faut bien voir que le droit d'initiative en matière de recettes appartient seulement au Conseil. En effet, c'est lui qui fixe le montant des prélèvements et le niveau du tarif douanier commun. Vouloir ... étendre les prérogatives de l'Assemblée en matière budgétaire reviendrait en définitive à lui donner seulement plus de pouvoirs pour agir sur les dépenses de la Communauté. Sous prétexte de démocratie, l'on céderait à la démagogie du gaspillage, dont il est superflu de rappeler qu'elle a toujours été, dans tous les pays, une tentation très forte pour les représentants du peuple. 'Le budget, monstre énorme, admirable poisson auquel de tout côté on jette l'hameçon' disait Victor Hugo." (MAEF.DECE-05.02, MAEF 1124, 10 May 1965)

³⁷ Journal Officiel, Assemblée Nationale, debate of 4 November 1969 (see Jacques Vendroux's address).

³⁸ See, for example, AAPD, 1969 [No 319].

governments also firmly committed themselves to press for an extension of its powers. This section will take the discussions in the Netherlands and Germany concerning Community reform in the 1960s as exemplary for those in most other Member States.

In Germany, all political parties represented in the Bundestag at the time, Christian Democrats (CDU/CSU), Social Democrats (SPD) and Liberals (FDP) agreed on the trajectory of German policy towards Europe and its ultimate goal, a *federal* Europe, organised according to the principles of parliamentary democracy.³⁹ When the question of Community reform surfaced in the second half of 1969, both the opposition (CDU/CSU) and political parties of the government coalition (SPD and FDP) supported institutional reform destined at an extension of the EP's powers and a 'democratisation' of the Community's institutional structure in the context of the proposed delegation of budgetary powers to the Community. When the MPs Hallstein and Wagner from the CDU/CSU, then in opposition, asked Walter Scheel, the foreign minister of the new SPD-FDP coalition government, whether the new government would continue to press for the application of Treaties (indicating support for majority voting) and champion the extension of the powers of the EP in the wake of the creation of a Community financing system based on own resources, the foreign minister responded in the affirmative.⁴⁰ Reporting on the summit in The Hague of early December, Chancellor Willy Brandt made reference to the planned reform of the Community financing system and indicated support for the argument that there was a direct link between the creation of own resources and reform of the budgetary procedure and the extension of the EP's powers.⁴¹ Walter Scheel played to the same tune and stressed that the government would spare no efforts to press for an extension of the EP's powers:

"... all delegations have underlined the importance to extend the competencies of the EP, because it is essential that once we walk down the path of a system of own resources it cannot be that parliamentary control would not be continuously adjusted from extended to fully-fledged budgetary powers."⁴²

The major political parties in the Netherlands were probably the most outspoken supporters of a 'democratisation' of European governance in the period under scrutiny. Foreign minister Joseph Luns committed himself and his government to a far-reaching extension of the European Parliament's competencies, not only in the budgetary but also in the legislative sphere. Already in 1964, when both the introduction of qualified majority voting (following the end of the transition period foreseen in the EEC Treaty) and the reform of the Community's financing system were on the Community's agenda he mentioned during a Council meeting that a key issue facing the Community had, so far, not been dealt with adequately: the future development of the Community's democratic credentials:

"The legislative and executive powers in the Community are presently exercised principally by the Council and the Commission. On the European level we do not see the balance [of powers] which exists in our national constitutions as concerns the relationship between the executive and parliament. In the legislative domain, with regard to the adoption of the budget and the control of Council acts, the Community lacks a genuine parliamentary authority."⁴³

Throughout the 1960s, the Dutch position regarding Community reform can be characterised by its consistency and ongoing commitment to democratise Community decision-making, with a particular focus on the powers of the EP. The 'Five' hence departed from very different assumptions about European governance than the Gaullists. One marked contrast was the assumption that sovereignty was not *indivisible* but that it could be *shared* across levels of governance (a notion that Pompidou was more receptive to than de Gaulle). Shared sovereignty therefore required the creation of

³⁹ See, for example, resolutions 4/1104 of 15 May 1964, 4/1660 of 23 November 1963, 4/2211 and 4/2212 of 28 April 1964.

⁴⁰ Deutscher Bundestag, questions of 6 November 1969: 279 and 283.

⁴¹ Deutscher Bundestag, debate of 3 December 1969: 593.

⁴² Deutscher Bundestag, debate of 3 December 1969: 600 (author's translation).

⁴³ MAEF.DECE-05.02, MAEF 1124, 3 December 1964.

democratic control and accountability-mechanisms at the European level. Consequently, the 'Five' considered that the 'legitimacy deficit' could be best resolved by strengthening the role of the EP at the Community level.

How could the two views, the *Intergovernmental Cooperation* 'legitimizing belief' held by the French government and the *Federal State* 'legitimizing belief' held by the 'Five', be reconciled? Following the summit in The Hague, the question of the EP's budgetary powers continued to be subject to extensive debate although the French government and President had accepted the 'logic' linking the creation of own resources and some form of EP participation. Although bilateral talks between the Prime Minister Chaban-Delmas and Chancellor Brandt in the aftermath of The Hague confirmed the divergence in positions between France and the other 'Five', Chaban-Delmas agreed that the EP should be given control competencies, but insisted that the Council's role had to be respected and "financial demagoguery" prevented. Most importantly, the "Strasbourg Assembly" should not be able to demand powers that exceeded those of national parliaments.⁴⁴ Brandt mentioned that the question of the EP's powers must not be oversimplified by pointing at the trouble he could run into vis-à-vis his own parliament, the Bundestag, if he would not devote sufficient attention to the issue.⁴⁵ A solution to the problem was found by the Council in a meeting in February 1970. A distinction introduced by the French government between expenditure items that followed directly from Community legal acts (compulsory expenditure) and expenditure that did not, such as administrative expenses (non-compulsory expenditure), was accepted albeit grudgingly by some delegations (the Dutch delegation most notably) as it gave the EP a final say over only about 4-5% of the entire Community expenditure, i.e. non-compulsory expenditure.

6. The European Parliament and legislative powers: the Single European Act and the Maastricht Treaty (addendum)

Following the delegation of control and budgetary powers to the EP, some thirty-five years after its creation, the introduction of the co-operation procedure in the SEA finally endowed the EP with the right to influence the legislative process after being merely 'consulted' previously.⁴⁶

The pooling of sovereignty and the perceived 'legitimacy deficit'

The events leading to the adoption of the SEA are well documented and will not be repeated here.⁴⁷ Yet, to explain the national governments' decision to agree to a broadening of the EP's powers by bestowing it with "conditional agenda-setting power" in the newly designed legislative procedure it is essential to consider those Treaty changes which induced governments to reconsider the EP's powers, i.e. instances of pooling and delegation (*proposition 1*).

The introduction of qualified majority voting in the Council and its application to virtually all matters relating to the creation of an internal market was one of the quintessential features of the SEA. All national governments came to the conclusion that this large extent of pooling sovereignty was acceptable or even desirable given the objective to pass almost 300 pieces of Community legislation until the end of 1992, the target date for the completion of the internal market. Pooling was thus expected to partly fulfil the function of speeding up decision-making by making it more demanding to muster a blocking minority and also to demonstrate the Member States' commitment to advance the internal market programme (see Moravcsik, 1998: ch. 5). In sum, pooling had become a crucial underpinning of the Community's 're-launch' in the mid 1980s. *Proposition 1* suggests that pooling 'did not come alone'. We would expect that – at the same time that political elites supported pooling – the 'legitimacy deficit' would be exacerbated if the *input* dimension of legitimacy was not emphasised in institutional reform efforts.

⁴⁴ See AAPD, 1970 [No 30].

⁴⁵ See AAPD, 1970 [No 30].

⁴⁶ According to Tsebelis (1994), the co-operation presented the EP with "conditional agenda-setting power", i.e. the opportunity to adopt amendments during the second reading-stage of the procedure which, if the Commission took them on board, were easier for the Council to accept (by qualified majority voting) than to reject or overturn (unanimity).

⁴⁷ See, for example Corbett (1987), de Ruyt (1989), Moravcsik (1991, 1998), Budden (1994).

Although certain national governments, members of national parliaments and the EP have, throughout the 1980s, consistently criticised that the Community suffered from a 'democratic deficit' (see Corbett, 1998), it was the potential impact of pooling (i.e. the introduction of qualified majority voting) and the ensuing prospect for a reform of the EEC Treaty, that made the prospect of an empowerment of the EP in the legislative domain increasingly likely. There is ample evidence that domestic political elites were well aware of the link between the proposals for pooling and the concomitant challenges to *input* legitimacy. For example, at the European Council summit meeting in Fontainebleau in June 1984, an *ad hoc committee* composed of personalities appointed by the governments of the Member States was created to discuss the pressing issues of deeper cooperation and institutional reform (the so-called 'Dooge Committee'). In its final report to the Brussels European Council in late March 1985, the Dooge Committee advocated, *inter alia*, the creation of a 'fully integrated internal market' and simultaneous institutional reform in order to achieve the policy goals set out by the report. A plea was made for the provision of more 'efficient' but also for more 'democratic' institutions. A majority of Member State representatives wanted the EP to play a more prominent role in the Community legislative process once the Member States opted for the pooling of sovereignty.⁴⁸

Parliamentary debates and resolutions in many of the national parliaments equally reflected the awareness that increased pooling would exacerbate the 'legitimacy deficit'.⁴⁹ In France, for example, Charles Josselin, a Socialist MP said before the Assemblée Nationale that "... the process embarked upon will lead ... to a considerable reduction of the competences of national parliaments in almost all domains"⁵⁰, and in a similar vein, the centre-right politician Adrien Zeller (UDF – Union pour la démocratie française) emphasised that "the only means to re-establish democratic control of such decisions [which evade national parliamentary control] is to endow the European Parliament with the means not just to *influence* Community decisions but also to *legitimise* them by its votes."⁵¹ In Germany, the governing Christian Democrats (CDU/CSU) and Liberals (FDP) as well as the opposition Social Democrats (SPD) were very explicit about the challenges further pooling posed for *procedural* legitimacy. For example, the chair of the EC Committee, Renate Hellwig (CDU), criticised the executive dominance of Community decision-making and concluded that to reduce the 'legitimacy deficit' the legislative powers of the European Parliament had to be increased.⁵²

Overall, a number of national governments, either pressured by the domestic political parties and the European Parliament alike, invoked the need to compensate national democratic constituencies for the expected loss of national parliaments' capacity to hold their national executives to account once qualified majority voting became a reality, by strengthening the legislative powers of the EP. While the evidence presented here provides an indication that the prospect for pooling increased the demands for alleviating the widening asymmetry between *output* and *input* legitimacy, it was also pointed out that political elites from different Member States were not fully at one with regard to proposals as to how the perceived 'legitimacy deficit' could be reduced.

Alleviating the 'legitimacy deficit'

With the 'legitimacy deficit' threatening to get exacerbated once pooling (qualified majority voting) was in place, national governments advanced different proposals, guided by alternative 'legitimising beliefs', to remedy this problem (*proposition 2*).

In his address to the European Parliament in May 1984, President Mitterrand indicated that the French government was willing to support the 'widening' of integration by including new policy areas and for 'deepening' through institutional reform. Mitterrand picked up on the notion of 'European Union' and committed himself to the convening of an IGC among interested Member States, yet he remained

⁴⁸ See Agence Europe, 16 March 1985. The report reflects a 'majority opinion' and reveals that the Danish, Greek and UK representatives entered reservations to various sections of the report, the question of the democratisation of Community decision-making.

⁴⁹ See Corbett (1998: 185-194) for an analysis of the debates in national parliaments prior to the SEA.

⁵⁰ Journal Officiel, Assemblée Nationale, debate of 11 June 1985: 1599-1600 (author's translation).

⁵¹ Journal Officiel, Assemblée Nationale, debate of 11 June 1985: 1613 (author's translation, emphasis added).

⁵² Deutscher Bundestag, debate of 27 June 1985: 11111.

silent on the question of the 'democratisation' of Community governance, although he expressed himself in favour of improved *coordination* between the Council and the EP (Gaddum, 1994: 239). Despite rather vague statements from the side of government representatives and the President, the French Socialist Party showed consistent support for EU-level 'democratisation' (Jachtenfuchs, 1999: 177). Prior to the launch of the IGC, MPs (but also some government officials) claimed that the pooling of sovereignty necessitated accountability mechanisms compensating for the loss of national parliaments' influence at the European level. Foreign Affairs Minister Roland Dumas expressed his conviction that "the Community will manifest ... a willingness to reform institutional practices by making use of ... the democratic legitimacy provided by the European Parliament."⁵³ Socialist MP Josselin pointed out that pooling meant that national parliaments' power to influence Community decision-making and to control its outcomes increasingly faded:

"Against the background of the weakening of national parliaments' powers, the European Parliament ... has, for long, embodied an opportunity, and maybe still does: being capable of controlling the proliferation of Community legislation. ... All in all, we national parliamentarians will have to seek consolation for our decline in the thought that the substitute [for our loss in competencies] has been acquired in Strasbourg, by reminding us of what John the Baptist had to say: 'Il faut qu'il croisse et que je diminue'."⁵⁴

Whereas the Socialist Party was guided by a *Federal State* 'legitimizing belief' in its approach to tackling the 'legitimacy deficit', considering the EP as the 'appropriate' venue in which those decisions should be co-decided that have escaped the input by national parliamentary institutions, the French government, and President Mitterrand in particular, were shunning away from openly committing themselves to the empowerment of the EP (Budden, 1994: 326-327). Any indications that could be seen as support for the EP's empowerment could be seen as rhetorical devices.⁵⁵

It has often been underlined in the literature and by policy-makers alike that one of the defining features of German policy towards European integration is the continuing existence of a multi-party consensus.⁵⁶ Prior to the SEA, the governing CDU/CSU-FDP coalition called on the government, *inter alia*, to "1. take irrevocable decisions towards the creation of European Union, 2. enhance the legislative powers of the European Parliament, 3. apply the Rome Treaties and enhance the scope of majority decision-making ..."⁵⁷ Agreement existed among the German political elites that the 'democratisation' of policy-making had to target the European level and, if this was to be achieved, could only materialise through empowering the EP. In contrast to the relatively vague statements from the French government, Chancellor Kohl expressed his support for the empowerment of the EP and committed himself to pursue that course of action during the IGC. Taking recourse to an institutional analogy from German federalism, Kohl affirmed:

"In Milan, we intend to press for an empowerment of the European Parliament. ... We are ready to make considerable advances on this issue, given that ... in the area of Community policies there are a number of developments which are outside any form of parliamentary control. ... Furthermore, we hold the view – based on our experience between the power-play for a balance between the Bundestag and Bundesrat and the Conciliation Committee [Vermittlungsausschuß] – that it must be possible to pursue a procedure between Parliament and Council which will ... give Parliament considerably more competencies."⁵⁸

The British Conservative party had a very different vision of what it considered desirable and appropriate with regard to the reform of the European polity. In her memoirs, Margaret Thatcher summarised the Conservative party's ideal Europe as a "free enterprise *Europe des patries*" (Thatcher,

⁵³ Journal Officiel, Assemblée Nationale, debate of 11 June 1985: 1573 (author's translation).

⁵⁴ Journal Officiel, Assemblée Nationale, debate of 11 June 1985: 1600 (author's translation).

⁵⁵ Interview with Philip Budden, 23 April 2002. See also Gaddum (1994).

⁵⁶ Deutscher Bundestag, debate of 27 June 1985: 11089.

⁵⁷ Deutscher Bundestag, Drucksache 10/3569 ('Antrag der CDU/CSU und der FDP zur Europapolitik') of 26 June 1985 (author's translation).

⁵⁸ Bundestag debate of 27 June 1985: 11098 (author's translation).

1993: 536). A memorandum distributed by the Foreign and Commonwealth Office rejects the “submerging” of sovereignties under the label of a “United States of Europe”, and supports “greater unity” as long as this connotes “Europe united as a single market.” The Conservatives were willing to ‘relegate’ institutional issues to the realm of the ‘practical’ (‘which procedures are most likely to help the realisation of the internal market?’) rather than treat them as ‘dogmatic’ issues (‘the national veto must be kept at all costs’) although a considerable number of back-benchers rejected the (even selective and by no means enthusiastic) support for more qualified majority voting on issues affecting the completion of the internal market. The government repeatedly had to give assurances that the Luxembourg Compromise would remain intact and would, hence, not affect the sovereignty of Westminster.⁵⁹ While the majority position in the Conservative party and the government was willing to go along with the selective use of qualified majority voting, there was open rejection of the view that the EP had to be empowered in order to render Community decision-making more democratic; enhanced consultation and participation seemed to be acceptable as long as it did not hamper the decision-making effectiveness and efficiency. However, neither would an increase in the decision-making powers of the EP enhance decision-making efficiency (rather the contrary), nor would this lead to a ‘democratisation’ of Community decision-making in the eyes of the UK government and Conservative Party:

“... the present balance of power reflects the role and importance of national parliaments to whom members of the Council, as representatives of the governments of Member States, are answerable. Any change in the balance of power between the Council and the European Parliament would diminish the ability of national Parliaments to control Community policies, and their financing for which they would nonetheless remain answerable to national electorates.”⁶⁰

Contrary to the French Socialists and the CDU/CSU-FDP coalition in Germany, the Conservative Party rejected the view that a parliamentary institution at the European level could be a source of democratic legitimacy, a view that reflects the UK governments adherence to the *Economic Community* ‘legitimizing belief’. The insistence and the corresponding belief in the parliamentary sovereignty of the Westminster Parliament, blended in elements of the *Intergovernmental Cooperation* ‘legitimizing belief’: The widespread demand, not only among backbenchers, that national parliamentary sovereignty had to emerge unscathed from any attempts to reform the Treaty was difficult to meet in reality by the government if it took the application of qualified majority voting seriously, and, therefore, rhetorical assurances that the Westminster Parliament remained the ultimate source of sovereignty were repeatedly pronounced by members of government. In this context, empowering the EP could not contribute anything to reduce the ‘legitimacy deficit’, apart from slowing down decision-making. Despite opposition of the UK government (as well as that of Denmark) to giving the EP a more effective role in the legislative decision-making process that went beyond mere consultation, the actual Treaty outcome represented a substantial increase in the EP’s legislative powers. Those national governments, most notably Germany and Italy, which were domestically committed to the *Federal State* ‘legitimizing belief’ were strongly pressing for its empowerment. Given the substantial benefits of the internal market programme, the UK government acquiesced with regard to the question of the EP’s empowerment, which, according to one commentator, constituted only a ‘minor inconvenience’ in the end.⁶¹

Addendum: The Maastricht Treaty and the extension of the European Parliament’s legislative powers

The entry into force of the Maastricht Treaty in 1993 was accompanied by considerable transfers of national sovereignty through pooling and delegation: The creation of a single currency and an

⁵⁹ For instance, Labour MP George Foulkes reports that Margaret Thatcher emphasised after the Milan European Council that the internal market be completed, “but I think it can be completed keeping the unanimity rule.” (Hansard, House of Commons, debate of 23 April 1986: 384)

⁶⁰ Foreign and Commonwealth Office, Memorandum of 26 March 1985 for the House of Lords Select Committee on The European Communities, in House of Lords, Select Committee on the European Communities, 14th Report, 23 July 1985: 3.

⁶¹ Personal interview with Philip Budden, 23 April 2002. See also Budden (1994: 364-366).

independent central bank implied the delegation of monetary policy competencies from the domestic to the supranational level. Similarly, qualified majority voting ('pooling') was extended and now covered a wider range of policy areas than was the case under the SEA.

Delegation: Creation of a single currency and an independent European Central Bank

At the time the SEA was negotiated, François Mitterrand had already pressed for closer monetary policy cooperation in the SEA. In October 1987, he called for a European central bank and Prime Minister Edouard Balladur followed suit in January 1988 by proposing a single currency. Despite the seeming scepticism on the part of some members of the German government and the Italian government, the meeting of the European Council in Hanover on 27-28 June 1988 produced a timetable which included future steps toward EMU (see Moravcsik, 1998: 434). Despite Thatcher's immediate opposition to a proposed creation of a single currency and a central bank, the proposal by Kohl and Mitterrand to set up a committee which would debate a schedule for monetary integration went ahead and Jacques Delors was appointed chair of the Committee on EMU (see Ross, 1995: 81). The so-called 'Delors Committee' produced a report which put forward a three-stage plan towards the realisation of EMU and became the basis of subsequent European Council discussions at Madrid, Strasbourg, Dublin and Rome where, in October 1990, the opening of the IGC for December was officially mandated. The Report foresaw the removal of all barriers to the free flow of goods and services as well as the elimination of capital controls. During the first stage, there would be closer coordination of the economic and monetary policies of the Member States, the committee of central bank governors would be given a more prominent role and all currencies would be included in the European Exchange Rate Mechanism (ERM). The second stage would be purely transitory, preparing for the third stage which would see the creation of a European System of Central Banks and the irrevocable fixing of exchange rates (Pedersen, 1998: 127; Moravcsik, 1998: 443-444).

Pooling: Extension of qualified majority voting

Although the issue of qualified majority voting in certain policy areas was not one of the key issues of the IGC, discussions surrounding its extension (pooling) were subject to fierce divisions among the Member States. None of the governments supported an all-encompassing move to qualified majority voting and each insisted on a list of exceptions (see Corbett, 1992: 55; Moravcsik, 1998: 454-455). Nevertheless, the Treaty of Maastricht extended qualified majority voting to some aspects of environmental policy, certain aspects of social policy and some of the new policy areas which were added to the EC Treaty such as incentive measures in the field of education and vocational training, health, development policy, consumer protection, and certain EMU measures.

Delegation, pooling, the perceived 'legitimacy deficit' and institutional remedies

As a result of selective delegation and pooling, we would expect political elites in the Member States – domestic political parties as well as their leaderships – to voice concerns about the consequences of the partially delegating and pooling of sovereignty for processes of democratic accountability and interest representation (proposition 1). Furthermore, we would expect that governments and domestic political parties to take recourse to different 'legitimising beliefs' in expressing their preferences on the scope of the European Parliament's involvement (proposition 2).

In a resolution presented to Bundestag prior to the formal opening of the IGC, the Bundestag's Foreign Affairs Committee evaluated the state of the Community in the following way: "The realisation of the internal market and of the Economic and Monetary Union requires the transfer of additional national prerogatives to the European Community. This shall not occur without the simultaneous elimination of the democratic deficit in the Community's institutional structure." Consequently, the major political parties in the German Parliament demanded that "[i]n the course of the development of the European Community towards a European Union, the democratic deficit shall be eliminated in particular by strengthening the European Parliament's legislative and control powers."⁶² But even prior to the launching of an IGC on Political Union, a majority of Bundestag MPs were outspoken about the perceived necessity to enhance and extend the powers of the European Parliament in the light of an ever increasing transfer of sovereignty to the Community level. The

⁶² Deutscher Bundestag, Drucksache 11/7729 of 23 August 1990, author's translation.

resolutions tabled by government and opposition alike as well as the accompanying parliamentary debates mirror that essential elements of the *Federal State* 'legitimizing belief' informed the actors' preferences on how to tackle the 'legitimacy deficit': Since sovereignty can be shared, democratic legitimacy can be provided by parliamentary institutions at both the domestic and the 'union' level of government. Hence, the governing coalition (CDU/CSU and FDP) as well as the Social Democrats in opposition voiced that further transfers of sovereignty, such as the proposal to realise EMU, had to be accompanied by enhanced efforts to improve the democratic legitimacy of Community policy-making.⁶³ During the parliamentary debate on 14 March 1990 which dealt with the government's as well as the Social Democrat's proposals for a reform of the powers of the European Parliament, Bernd Rüttgers (MP, CDU) emphasised that to the degree that Community competencies were to be enhanced, "the 'participatory deficit' experienced by domestic parliaments will be exacerbated",⁶⁴ thereby reaffirming the link between transfers of sovereignty and challenges to input legitimacy. During the same debate Uli Irmer (MP, FDP) underlined this observation. Although he welcomed the transfer of new competencies to the Community level, this transfer has to be made conditional upon empowering the European Parliament by endowing it with full legislative rights.⁶⁵

From other corners of the Community, the link between transfers of sovereignty through pooling and delegation and the concomitant challenge to domestic channels of interest representation and democratic accountability was perceived no less virulently. In a memorandum, the Belgian government attests the Community a "growing 'democratic shortfall'" if further transfers of sovereignty were not accompanied by increasing the European Parliament's legislative powers (see Corbett, 1992: 121). The Dutch government was equally concerned about the lack of democratic 'flanking' mechanisms as the integration processes advanced. The government contends that a "transfer of powers to a supranational authority must therefore be accompanied by guarantees of sufficient democratic control at this level." (Corbett, 1992: 127) Even those governments which, traditionally, were rather sceptical about the democratic legitimacy-leverage provided by a more resourceful European Parliament, did not dispute the prevailing logic that pooling and delegation of sovereignty could not 'go alone'. The Danish government remarked in a memorandum which was approved by the Folketing's Common Market Committee on 4 October 1990 that "[g]reater Community integration calls for a strengthening of the democratic process" and that consequently "the influence of both national parliaments and the European Parliament should be strengthened." However, the proposed remedy to alleviate this legitimacy deficit was not to be found solely in strengthening the European Parliament. Rather, "a considerable part of what is known as the democratic shortfall is attributable to the fact that apparently not all national parliaments have an adequate say in the decisions taken at Community level. In this connection the Danish government would point to the role played by the Folketing's Common Market Committee in Denmark." (Corbett, 1992: 160) Although the Danish government emphasised an additional (if not an alternative) institutional mechanism to counter the Community's 'democratic shortfall', it nevertheless accepted that a 'natural' link existed between the use of qualified majority voting in the Council ('pooling') and participation by the European Parliament in legislative decision-making (see Corbett, 1992: 160). However, the Danish memorandum already hinted at the disputed answer to the question as to what institutional remedies should be adopted to ease the Community's 'democratic shortfall'. Across the different Member States, alternative 'legitimizing beliefs' determined responses and proposals on how interest representation and democratic accountability should be organised in a supranational polity. As in the Danish case, where the adequate response to remedy the 'democratic shortfall' was primarily seen in enhancing the scrutiny powers of its national parliament rather than by enhancing the legislative powers of the European Parliament, the British government was even more critical about the potential European Parliament's contribution to alleviate the 'legitimacy deficit', yet with one exception: As long as the European Parliament directed its focus on scrutinising the Commission, the British government welcomed an enhanced role of the European Parliament since this would constitute another institutional check on the Commission and not undermine the power of the Member

⁶³ Deutscher Bundestag, Drucksache 11/6471 and 11/6479 of 14 February 1990.

⁶⁴ Deutscher Bundestag, debate of 14 March 1990: 15591.

⁶⁵ See Deutscher Bundestag, 11/201, debate of 14 March 1990: 15596.

States in the Council.⁶⁶ Consequently, any measures which, if exercised by the European Parliament, could affect the prerogatives of Member State governments or the Westminster Parliament would have to be impeded. The following exchange between Ted Rowlands (MP, Labour) and Douglas Hurd (Secretary of State for Foreign and Commonwealth Affairs) illustrates that the British government, at the time, was not at all at ease with the consequences of actual or anticipated transfers of sovereignty in different policy areas for channels of domestic interest representation and democratic control:

Ted Rowlands: "The Spaniards, French, Italians and even the Germans did not see sovereignty in terms of national parliamentary institutional powers and, in fact, there was great willingness to forsake a lot of national parliamentary power to bridge the European parliamentary deficit ..."

Douglas Hurd: "I think we do think more clearly and strongly in terms of national parliamentary sovereignty than probably any other Member States. The Danes, of course, have a sovereignty system which puts a big accent on it. The French accent the national sovereign government rather than a parliament – that is their historical accent. ... I think that this is an area where we have an idiosyncratic position, but I think it is a just position. I do not think any House of Commons would let us stray too far away from it."⁶⁷

However, Hurd was prepared to tolerate changes to the EP's non-legislative roles, such as enhancing its scrutiny powers vis-à-vis the Commission "making it the watchdog of the Community's finances." (Forster, 1999: 138) However, he made equally clear that "[t]his ... was not a genuine attempt to strengthen the EP, because the government did not want the EP to adopt wholesale the Westminster parliamentary model of executive scrutiny and accountability." (Forster, 1999: 139) Yet, compared to the debates prior to the SEA, Prime Minister Thatcher public expressions about the role of the European Parliament seemed much more 'accommodating' of the very sceptical views of the majority of Conservative MPs. Forster argues that "[e]nhancing the powers of the EP was seen by both parliamentarians and the government as a threat to British sovereignty and a challenge to Westminster, and ministers were acutely aware that backbenchers 'had a juicy bone in their mind's eye' when they thought of EP ambitions." (Forster, 1999: 138) During the IGC John Major, who succeeded Margaret Thatcher as Prime Minister in November of 1990, considered proposals for the European Parliament's involvement rather unproblematic as long as they did not affect a reduction in decision-making efficiency and as long as they provided for a closer check on the supranational Commission. Yet, it was considered unacceptable if changes in treaty were to impact on the distribution of powers among the Community institutions to detriment of national governments. The British position on the question of the European Parliament's powers was thus contains elements of both, the *Economic Community* and *Intergovernmental Cooperation* 'legitimizing belief', whereas the party leadership and members of government were less doctrinal than a considerable portion of the parliamentary party which firmly adhered to the *Intergovernmental Cooperation* 'legitimizing belief'.

The above evidence suggests that the extension of qualified majority voting prompted most national governments and domestic political parties to activate the link between pooling and enhancing the European Parliament's legislative role in areas subject to qualified majority vote. However, a much less direct link existed between the delegation of sovereignty in the monetary policy-area and institutional mechanisms to remedy any potential challenges this might pose to input legitimacy. Why was this the case? The creation of a single currency and the concomitant installation of an independent central bank were prompted by a 'normative consensus' which solidified across the vast majority of

⁶⁶ Douglas Hurd, the Secretary of State of Foreign and Commonwealth Affairs, emphasised in front of the Select Committee on the European Communities of the House of Lords that "the European parliament could play a larger role ... as a financial watchdog ... We would like to see [the MEPs] looking more closely at anti-fraud measures, value for money and for the financial control of the Commission to be more directly responsible to them." (House of Lords, Select Committee on the European Communities, 'Economic and Monetary Union and Political Union', Volume II - Evidence, Session 1989-90, 27th Report, HL Paper 88-II: 211) John Major also shared this view outlining the government's negotiating aims which included *inter alia*: "More power for the European Parliament to control the Commission and investigate fraud." (Major, 2000: 274)

⁶⁷ See House of Commons, Second Report from the Foreign Affairs Committee, European Council, Rome 14-15 December 1990, Minutes of Evidence, Session 1990-91, 5 December 1990.

Community governments during the 1980s (see Moravcsik, 1998; McNamara, 2002). The creation of the European Central Bank thus reflected a shared belief system which “elevated the pursuit of low inflation over growth and employment goals and replaced the Keynesian policy ideas of political elites ...” (McNamara, 2002: 164) One of the corollaries of the “monetarist-influenced consensus” was the “commitment to government non-intervention” in order not to jeopardise the primary goal of low inflation (McNamara, 2002: 164).⁶⁸ Consequently, international cooperation in monetary policy implied a virtually non-disputed imperative for institutional design: the creation of an independent central bank shielded from political intervention. From this perspective, cooperation in monetary policy ‘had’ to be ‘undemocratic’ from the purview of input legitimacy although the European Central Bank is required to present its annual report to the European Parliament and must respond to questions. However, the European Parliament is prohibited from influencing the European Central Bank (see McNamara, 2002: 167). In the negotiations leading to the adoption of the Maastricht Treaty, the German government was most adamant that the European Central Bank would remain independent and be granted a strong anti-inflationary mandate. Moreover, “Germany resisted French, Italian, and Commission demands for the inclusion of macroeconomic priorities other than inflation (e.g., unemployment, growth targets) in the ECB mandate ...” (Moravcsik, 1998: 444) Furthermore, only Belgium and the Netherlands displayed support for giving the Commission, Court, or the European Parliament a role in monetary policy-making (see Moravcsik, 1998: 444).

The transfer of monetary policy competencies to the Community-level, however, sparked concerns among national governments and political parties that, despite the deliberate creation of *non majoritarian*-mechanisms in the field of monetary policy, *majoritarian* elements had to be enforced elsewhere since, as George Ross puts it correctly, “there were few openings to include the European Parliament in the workings of EMU.” (Ross, 1995: 187) Especially the German government, which had domestically committed to support the empowering of the European Parliament, considered that “a trade-off on democracy would have to lie elsewhere than in EMU ... The European Parliament was given a token role in appointing the president of the European Central Bank and the right to receive periodic reports, but little more.” (Ross, 1995: 187, emphasis added) Some of the national governments, Germany and the Netherlands in particular, as well as the Commission actively lobbied for more competencies for the European Parliament in the context of the negotiations on Political Union, above all by strengthening its role in the legislative process, giving it the right to legislative co-decision, during talks on Political Union in exchange for EMU. However, even though challenges to input legitimacy were also perceived by the other national governments, there was no agreement on the institutional solutions for its remedy: As mentioned above, the Danish and British governments were reluctant to grant the European Parliament more influence since it was the national parliaments which should be more closely connected to Community-relevant decision-making. Furthermore, the French government – although not united internally on the EP-question – remained sceptical about the role of the European Parliament in compensating for the input legitimacy that was ‘lost’ domestically. Prime Minister John Major reports in his memoirs that President Mitterrand was against any proposal that allowed the European Parliament to veto decisions of ‘sovereign governments’: “His view, expressed to me privately, was that *the European Parliament ‘has no legitimacy and will not have for a hundred years’*. He was not to say this publicly ...” (Major, 2000: 270, emphasis added; see also Védrine, 1996: 460)

⁶⁸ In the theoretical literature, the rationale for non-intervention of elected politicians in certain policy areas is grounded in the so called *time inconsistency problem* which arises when a government’s optimal long-term policy differs from what it would like to do in the short-term, in order to win elections or please and appease powerful constituents. In monetary policy, the time inconsistency problem thus arises when politicians expect short-term gains from expansionary policies, for example, to reduce unemployment and for the sake of winning re-election. Yet, they know – at the same time – that better macroeconomic results would ensue in the long-run if they ‘tied themselves to the mast’ even though they would not always feel very good about it in the short run. Consequently, societies who wish to deal with the time inconsistency problem in monetary policy legislate a long-term goal for the central bank (such as price stability) and delegate operational independence and discretion to central bankers who have longer time horizons and an aversion to inflation in contrast to rather short-term oriented, elected officials (see, for example, Blinder, 1998).

7. Summary and Conclusion

On the basis of the empirical evidence presented in the preceding sections, *propositions 1* and *2* can be corroborated since in all the cases under scrutiny, national governments pooled or delegated sovereignty which exacerbated concerns about a possible asymmetry between *output* and *input* legitimacy among political elites in the Community Member States (see Table 2). Furthermore, strengthening the Community's *majoritarian* organ, the European Parliament, was not considered to be the only avenue to improve the Community's democratic credentials. Different national governments advanced different proposals as to how the perceived 'legitimacy deficit' should be tackled, inspired by different 'legitimizing beliefs' (as predicted in *proposition 2*). Table 3 summarises the 'legitimizing beliefs' advanced by the respective governments prior and during the negotiations leading to the adoption of the respective treaty documents in the cases discussed in this section.

Table 2: Summary of findings – *proposition 1*

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

Table 3: National governments' adherence to alternative 'legitimizing beliefs'

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

In this paper, I have argued that an explanation of the creation and empowerment of the EP has to go beyond the assumptions underlying and propositions offered by the *functional theory of delegation*. It does so by asking why and under what conditions political actors care about the construction of institutions that seek to reduce the asymmetry between *input* and *output* legitimacy? I am not disputing that the *functional theory of delegation* offers powerful tools to explain institutional design choices. However, it fails to take into consideration that explanations for the construction of institutional orders in which substantial portions of national sovereignty are pooled and delegated have to take account of the relevance of institutions and procedures that ensure the *input* legitimacy of adding a new 'layer' of

governance (through pooling and delegation) unless political elites (of democratic states) want to take the risk of being accused to openly violating key principles of democratic governance.

The argument advanced here also helps us to explain why, as of yet, the institutional settings of other international institutions do not contain strong representative or *majoritarian* elements. While other institutionalised forms of inter-state cooperation are some distance away of pooling or delegating major portions of their sovereignty, recent calls by globalisation critics, the media, academics and politicians to alleviate the 'democratic deficits' inherent in the functioning and the trajectory of the actions of the WTO and international financial institutions such as the World Bank and the International Monetary Fund (IMF) may, in the future, pave the way for further regional or even global *majoritarian* institutions (epitomised by a 'global parliament' suggested by Falk and Strauss, 2001, 2002) to legitimise international governance in a world in which the production and distribution of benefits from socio-economic and security cooperation transcends the capacity of individual nation states (see, for example, V. Rittberger, 2000). Yet, the vision of a "global parliament" (Falk and Strauss, 2001) is written off by Joseph Nye as presently unattainable owing to the absence of a "sufficiently strong sense of community" which renders the extension of domestic and democratic voting procedures to the global level not necessarily practical nor acceptable to minorities (Nye, 2002).⁶⁹ Fritz Scharpf underlines this argument arguing that *majoritarian* decision-making institutions on a global scale have their limits, in particular in *redistributive* policy areas where inter- or supranational solutions (though they may be more effective than unilateral ones) do not (yet) command public acceptance. This is because the European Union (and also any other international organisation) is "very far from having achieved the 'thick' collective identity that we have come to take for granted in national democracies ..." (Scharpf, 1999: 9), and only where the "belief in a 'thick' collective identity can be taken for granted, majority rule may indeed lose its threatening character, and it can also be relied upon to legitimize measures of interpersonal and interregional redistribution that would not be otherwise acceptable" (Scharpf, 1999: 8-9). While thus 'economic man', or the *bourgeois*, thinks and acts in categories beyond the nation-state, benefiting from the opportunities offered by international cooperation, 'social man', or the *citoyen*, continues to be caged in national categories, norms and identities which partially constrain the delegation of sovereignty from the domain of domestic politics to the inter- or supranational level (see Zürn, 1996: 34). While this may be true for certain policy areas, it does not preclude that political elites continue to pool and delegate parts of their sovereignty in policy areas where the 'thick' collective identity-requirement is less constraining, such as in *distributive* and *regulatory* policy areas (see, for example, Majone, 1996a; von Beyme, 1998; Scharpf, 1999). Even if we accept that pooling and delegation is most likely to occur in certain designated policy areas of regulatory and distributive politics, and if we accept that this is most likely to occur in a regional rather than a global context, the argument advanced in this article still stands firm. Wherever democratically organised states pool and delegate sovereignty, questions of democratic accountability and representation are likely to loom large, and consequently, calls to alleviate the asymmetry between *output* and *input* legitimacy are likely to be mirrored in demands for *majoritarian* institutions at the supranational level.

Although this article has primarily been occupied with answering the question of why national governments have created and empowered the European Parliament, it has also sought to demonstrate that the causal relationships postulated in the theoretical section of this paper are not at all restricted to the study of the European Union, let alone the European Parliament and its future development. Andrew Moravcsik has argued that "the EU provides the best laboratory for studying theoretical issues only just emerging elsewhere, such as threats of exist and exclusion, binding interstate legislative procedures, multi-level system and legal dispute resolution" (Moravcsik, 1997: 6) This list could also include *majoritarian* decision-making structures in international politics and the conditions under

⁶⁹ According to Keohane and Nye, the creation of a 'global parliament' reflects a cosmopolitan view of democracy which departs from the assumption that the globe is one big constituency. This, however, "implies the existence of a political community in which citizens of 198 states would be willing to be continually outvoted by a billion Chinese and a billion Indians. ... Most meaningful voting, and associated democratic political activities, occurs within the boundaries of nation-states that have democratic constitutions and processes. Minorities are willing to acquiesce to a majority in which they may not participate directly because they feel they participate in some larger community." (Keohane and Nye, 2000: 33)

which they are likely to emerge and solidify. From this perspective, institutions like the European Parliament do not have to be studied as a *sui generis*-phenomenon or an instance of $N=1$. Rather, it can be considered an 'extreme' value on the dependent variable 'power of parliamentary assemblies in international organisations': Why is it that the European Parliament – with its supervisory, budgetary and legislative powers, today, is the most influential parliamentary assembly in the universe of international organisations? Why do the parliamentary assemblies of, for instance, the Council of Europe, of NATO or the Western European Union merely fulfil a consultative function and lack any significant budgetary, legislative and supervisory powers? These differences in the strength of parliamentary assemblies in international organisations thus supply important variation that needs to be explained.⁷⁰ To account for this variation, we have to specify conditions under which we expect national governments to opt for the creation and empowerment of parliamentary assemblies in international organisations. This article has provided one route to explain this variation: The decision of national governments to *transfer portions of their sovereignty* through pooling (e.g. by introducing majority voting procedures among Member State 'principals') and delegation (e.g., by transferring decision-making powers to independent 'agents') triggers a situation in which 'principals' (in democratic polities) are likely to perceive a 'legitimacy deficit'. This 'legitimacy deficit' is characterised by an asymmetry between the enhanced problem-solving capacity of the international polity as a result of pooling and delegation (whereby the *output* legitimacy of the polity is enhanced) and domestic procedures for interest representation, interest mediation and democratic accountability (whereby the *input* legitimacy of the polity is reduced). The causal relationship between transfers of sovereignty, the perceived 'legitimacy deficit' and proposals to enhance the procedural legitimacy of decision-making process is captured by the following proposition:

Political elites are likely to perceive a 'legitimacy deficit' when they engage in the pooling and delegation of sovereignty to manage socio-economic and security interdependencies. This perceived 'legitimacy deficit' is the driving force behind attempts of political elites to democratise the institutional set-up of and decision-making procedures within international polities.

This proposition specifies the *conditions* (pooling and delegation) (a) under which political elites are likely to perceive a 'legitimacy deficit' and (b) under which we expect them to act upon it by addressing the challenge posed by the asymmetry between *output* and *input* legitimacy, either by creating and empowering a supranational parliamentary institution or by improving the role of national parliaments in influencing or controlling decisions taken at the supranational level.

At the dawn of the new millennium, the European Parliament remains the most powerful parliamentary assembly in the universe of international organisations. In this sense, the European Parliament is an 'outlier' *because the Community is an outlier*. But wherever states will be contemplating to reap the gains of socio-economic and security cooperation through pooled or delegated sovereignty and the concomitant creation of supranational institutions, the European Parliament is likely to have its *majoritarian* followers as time unfolds.

70 James Caporaso (1997) has argued that one important step to overcome the $N=1$ problem in the study of European integration is to define classes of social phenomena (e.g., the role of interest groups in the decision making process of an organisation, the role of political elites in the development of an organisation, or, as in this dissertation, the role and impact of parliamentary assemblies on the decision-making processes of an organisation) and identify the inter-organisational differences across different classes. These "descriptive differences" thus "provide important variation to be explained." (Caporaso, 1997: 2)

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