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For a Demoicratization of Eurozone Governance

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The governance of the eurozone touches people's lives in more profound ways than the EU has ever done before. This is why citizens and their politics must own its decisions. Indeed, the essence of the EU is that the countries that compose it are both states and member states, whose governments bear the dual responsibility of steering their economies autonomously at home and together in Brussels. The T-Dem, the proposal for democratizing the governance of the euro area, is an important and valid attempt to bring eurozone governance closer to this dual reality. Let us create a Parliamentary Assembly as the legislative branch of European Monetary Union (EMU) governance, its proponents argue; let this Assembly be composed of national and European parliamentarians; and let's give this Assembly significant powers of oversight over governance of the Economic and Monetary Union (EMU).

Legitimacy matters because, in the end, the sustainability of all human institutions is grounded in the ideas that the people whose interests they are supposed to serve hold in their minds. If enough people stop believing in an institution—like the state or marriage or money—it will eventually wither away, at least without coercion.

What makes an institution legitimate? Let's simplify. Of the three core sources of legitimacy—purposive, performative, and procedural—the first two have been found wanting in the EU. The first was certainly the secret of its initial success, with the purpose of the EU defined as a mission for eternal peace and ever-rising prosperity, a mission that was entrusted to a chosen few, the techno-managers of the Union's machinery. This approach has run its course, not because the EU has lost its *raison d'être*—it has not—but because the messianic logic that allowed its leaders to overlook the wising-up of the crowds has run its course. No longer can governments argue through the mouthpiece of EU institutions that the end justifies the means because Brussels or EU law or European interests say so.

The second source of legitimacy—performance, or results—will be effective in shoring up an institution in good times, but is by definition a fair-weather resource. When shocks generated endogenously or exogenously hit the polity—and they always will—the polity suffers. In a polity where you cannot "throw the rascals out," the risk is that the people will turn to the next best thing—to throw the whole lot out.

If you cannot completely rely either on purpose or on performance, you must turn to process. Process grants legitimacy simply when, whatever the aim or quality of the decision taken, it is owned, and owned by those affected by it. Writ large, this is the logic of democracy as the ultimate source of legitimacy.

There has been much debate on how to deepen and widen the democratic legitimacy of the EU—debates that are still very much ongoing. The question that the T-Dem is meant to answer is the following: How can we make the eurozone more democratic while sustaining both its effective governance and the integrity of the EU as a whole?

My agreements and disagreements with the T-Dem blueprint stem from my own commitment to what we now refer to as "demoicratic theory" (as opposed to *democratic* theory).[1] The

demoicratic constellation of scholars is growing, and it would be impossible to do justice here to the wide range of approaches that it encompasses. Instead I will restate a simple definition and suggest a series of tests for the demoicratization of the eurozone, which I will apply to the proposal at hand.

Democracy, Demoicracy, and Demoicratization

A "demoi-cratic" lens is both a descriptive device to better defend the EU-as-is and a normative device to point to what it ought to aspire to. For the nature of the beast matters for politics at all times and not least in our era of popular disenchantment with the EU's remoteness and complexity. I believe that citizens cannot perceive the EU as legitimate if they continue to labor under the distortions produced by a kind of mimetic reasoning, assessing it in the same light as a nation-state endowed with a democratically elected government and parliament.

Instead, it makes sense to understand the EU as a *demoicracy*—namely, a "Union of peoples who govern together but not as one" (Nicolaidis 2013). In other words, we should see European demoicracy as government of peoples exercising self-government in their respective realms, not independently but in an interconnected way. The key to understanding the demoicratic character of the EU is to consider it as a third way, where both of its alternatives—an alliance of sovereigns or a classic federal state—are grounded on the equation between a polity and a single demos. A demoicratic polity, by contrast, primarily values the plurality of interlinked peoples *as interconnected popular sovereigns;* it does not close off or separate each demoi from others or incorporate them into a single demos. As a result, a demoicracy constantly refines ways of sustaining the tension between two concurrent requirements: (i) "autonomy" (referring to the legitimacy of separate, self-determined *demoi;* and (ii) "civicity" (referring to the openness and interconnectedness implied in the notion of liberal democratic *demoi* to whom equal concern is due).

Demoicratic theory is also meant to provide a normative benchmark against which to highlight the EU's pitfalls, thus making clear the vulnerability of its evolving constitutional settlement (Nicolaidis 2018). Crucially, the demoicratic lens reveals the weaknesses of both federal mimetism and sovereignist critiques in its emphasis on the political rather than the ethnic or "essentialist" nature of the demoi in question, and thus on the normative good stemming not only from the autonomy of the demoi but also from their radical openness to each other and mutual accountability. This emphasis on the horizontal or transnational nature of cooperation and delegation over its vertical or supranational dimension is still misunderstood by critics (Wolkenstein 2018). European integration in this sense ought to be understood as an arena for governing together and developing common rules rather than creating a separate and autonomous layer of governance as in classic federations. The point is not that we should restrict the growth of political and social interactions across national borders, but that these should be initiated at the domestic level. Of course, in a stable order of multiple demoi, these demoi cannot exercise popular sovereignty together without accepting certain fundamental, albeit revocable, rules and procedures that must be subject to the familiar democratic tests, such as those of accountability, representation, and institutional checks and balances (Cheneval and Nicolaidis 2016). The normative and political alternatives to a Europe that thrives as a demoicracy are either for it to move backward to become a group of closed demoi or for the demoi to fuse into ever larger sovereign units at ever higher levels of integration.

The concept of *demoicracy* has helped to normatively recast the aspiration for a democratic understanding of Europe's constitutional settlement and has prompted a critical appraisal of paradigms still dominant among European elites (Cheneval and Schimmelfennig 2013; Bellamy 2013; Lindseth 2014; Lacey 2017; Cheneval, Lavenex, and Schimmelfennig 2015). As a theory that seems to correlate transfers of powers with the sustained power of the people, it helps us

understand how a union of multiple demoi like the EU ought to handle pressures for deeper integration and further centralization of power as we have witnessed during the eurozone crisis. Demoicratization is the process by which such further integration can be better anchored in the will of the peoples of Europe, as citizens both of particular states and of the EU.

The T-Dem and Demoicracy

In short, the T-Dem proposal stems from a multipronged diagnosis which chimes with that of demoicratic theory.[2]

First, we agree that the crisis of legitimacy induced by the functioning of the EMU—its emergency operation and the ups and down of its reform process—is unprecedented in the EU and needs to be remedied. The EMU touches on areas of policy making that cannot be simply the object of technocratic decision making steered by diplomatic interactions. Indeed, the bulk of EMU reform so far provides the ultimate example of "governance by law," where decisions taken by the EU's executive become entrenched law within the EU without proper legislative scrutiny. Given, in particular, their redistributive impact, these EMU decisions require "authorization" in the fullest sense of the term by popular sovereigns acting through their elected representatives against the backdrop of political debates at all levels. In order to achieve such authorization, Eurocrats—and, more generally, European politicians—will need to overcome their profound suspicion of agonistic (as opposed to antagonistic) politics in the EU, which is grounded in the idea that politics is about open conflicts resolved through democratic competition.

Second, both demoicratic theory and the case for the T-Dem rest on the idea that in the search for democratic anchoring, the constituting polities must take precedence over their supranational expression. The set of substantive social purposes that motivate EU policies come from the bottom up, and it is this *process* of legitimate aggregation of preferences that defines "European peoples," or *demoi,* rather than any ethnic and reified sense of "we." As collectives under a state, the demoi must remain *pouvoir constituant*—whether in their ability to enter, withdraw from, or shape the EU's primary law. When it comes to secondary law, including the management of the EMU, not only do national parliaments need a greater say, but they must be able to express it collectively as well as individually. This would be the case with the Assembly proposed by the T-Dem.

Third, a demoicratic polity is hardly compatible with a policy that allows IMF-type conditionality to become entrenched as something other than an emergency measure (Nicolaidis and Watson 2016). The IMF works (in spite of its own legitimacy deficit) because it is both temporary and external. In contrast, because it has made possible the merger between two hitherto separate logics—namely, the logic of conditionality and that of polity building—the management of the eurozone crisis has allowed the wolf of supranational conditionality to penetrate the EU den. Beyond country programs, witness the European Semester's Macroeconomic Imbalance Procedure (MIP), under which countries can in principle be subject to fines for their failure to take structural measures that, it is assumed, will help reduce their imbalances in the long run. This merger between the conditionality and polity-building logics seeks to make permanent some elements of conditionality that were forged in the heat of the moment as technocratic rather than political solutions to the EMU's woes. Hard cases make bad law, unless great care is taken; and the stress of crisis resolution was not a promising setting in which to shape a new permanent architecture for the EMU (Nicolaidis and Watson 2016). To be sure, the short-run dictates of conditionality are hard to disentangle from enduring requirements in normal times. But conditionality implies an intrusiveness and fosters a divisiveness that do not belong in the operating process of a successful European polity over the long run. Ultimately, the practice of

governing at a distance could spell the end of common rules. The T-Dem can contribute to taming the conditionality temptations reigning in Euroland.

Fourth, a demoicratic frame emphasizes the *normative* weight to be given to the quality of horizontal ties, not only between state apparatuses but through transnational networks at all levels (Slaughter 2017). The normative bias of demoicratic scholarship is to shift the spotlight on the imperative of democratic accountability from the vertical focus on internal accountability of liberal theories to horizontal accountability *among* demoi, thus bringing transnationalism all the way down. Demoicratic theory therefore asks how national democratic systems adapt to the imperative of "other-regardingness" or what I call legal empathy, which is at the core of European law (Nicolaidis 2017b). Democratic interdependence—namely, the ways in which democratic processes in different countries affect each other—needs to be managed to ward off an adversarial logic of people versus people. As leaders balance their respective democratic mandates, publics must demand cognitive tools for managing their common demoicratic citizenship (Sternberg, Gartzou-Katsouyanni, and Nicolaidis 2017). The T-Dem proposal can be measured against this requirement to the extent that debates taking place in an interparliamentary Assembly would themselves be embedded in a broader civic pedagogy.

Fifth, when it comes to power, demoicratic theory asks how the *cratos*—the act of "governing together"—avoids the pitfalls of domination, either horizontal domination among between states or vertical domination between EU institutions and the member states. Demoicratic theory focuses its normative gaze on the extent to which power asymmetries are mitigated through (or magnified by) prevailing institutions. The Assembly would potentially contribute to making power visible in the EU, which is a good thing. And to the extent that it would encourage cross-national alliances involving oppositions as well as governments in power, and is linked to potential solidarities across borders, the T-Dem plan would likely help in this regard.

Sixth, demoicratic theory recognizes the crucial importance of commitment strategies in allowing a polity of separate but connected popular sovereignties to be sustainable over time (Moravcsik 1998). But it is also normatively concerned with the foreclosing of options that such commitments create as the product of intergovernmental collusion that might not reflect societal preferences over time and might contribute to the invisibility of power in the EU. Considering the joint decision traps that make it almost impossible to reverse gears in the EU, a demoicratic approach requires much greater use of sunset clauses as well the strengthening of domestic institutions meant to endogenize commitment to outsiders. It would be desirable for the T-Dem to consider the ways in which the Assembly, acting in concert with the rest of eurozone governance, could include sunset clauses in its decision making.

Seventh, and finally, a demoicratic approach takes us beyond interests and into ideas by suggesting that we also need social imaginaries that follow from democratic praxis within and among societies. An incipient demoicratic EU must accommodate a diverse range of imaginings among its citizens of what this polity is, might be, or should be (Lacroix and Nicolaidis 2010; McNamara 2015). Allowing for the coexistence of these diverse perspectives—contrary to the repeated and unimaginative calls for a single European story, including during the 2001–2003 Constitutional Convention—has long enabled a kind of "constructive ambiguity" that has helped avoid entrenched teleological struggles among European political actors. We would need to discuss the ways in which the new T-Dem institutions would allow and even encourage narrative diversity in the EU.

In closing, these considerations imply that the eurozone's democratic credentials are to be judged both by how they affect the qualities and pathologies of national democracies and by how decisions are taken at the center, underscoring the horizontal connection in relations between state and society. The EU must thrive to "do no harm" to its constituent democracies, and its constituent democracies must thrive to continuously improve the rules that allow them to manage both their

economic and their political interdependence. Getting national parliaments to work together on EMU management, and to give them the power to do so, is a good start.

But questions remain beyond this basic premise: Why would it be desirable to make representation in the assembly proportional to population at the expense of small countries? What kind of powers ought to be granted to the Assembly that would be compatible with the existing division of labor between (a repatriated) ESM, the ECB, and the Eurogroup? Should the appointment of the latter's respective presidents not be the object of systematic consensus building with the Council? Are the provisions envisaged sufficiently clear on the division of labor between the Assembly and the European Parliament? How to deal with the inevitable conflicts that may arise? Would these proposals allow for replacing the conditionality drift within EMU with more sustainable and long-term political bargains? How would externalities between this Assembly and the rest of the EU be managed? The T-Dem proposal does not pretend to offer answers to all questions, but it has the great merit of encouraging us to raise them under a new light.

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Notes

[1] The term "demoicracy" is derived from demoi (δήμοι in original ancient Greek is the plural form of δῆμος), meaning "peoples," and kratos (κράτος), meaning "power"—or "to govern oneself with strength." Peoples here are understood both individually, as citizens who happen to be born or reside in the territory of the Union, and collectively as states—the separate political units under popular sovereignty that constitute the Union.

[2] Some of what follows is drawn from Nicolaidis 2018.