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## ***Demoi-cracy in the European Union: Principles, Institutions, Policies***

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### **Abstract**

In a '*demoi-cracy*', separate statespeoples enter into a political arrangement and jointly exercise political authority. Its proper domain is a polity of democratic states with hierarchical, majoritarian features of policy-making, especially in value-laden redistributive and coercive policy areas, but without a unified political community (*demos*). In its vertical dimension, *demoi-cracy* is based on the equality and interaction of citizens' and statespeoples' representatives in the making of common policies. Horizontally, it seeks to balance equal transnational rights of citizens with national policy-making autonomy. The EU belongs to the domain of *demoi-cracy* and has established many of its features. We argue that both vertical and horizontal *demoi-craticization* have been triggered by processes of supranational integration in the EU. They differ, however, in the origins and the outcomes. Vertical *demoi-craticization* has initially been a reaction of parliamentary institutional actors to majoritarian decision-making in regulatory policy-areas, resulting in the empowerment of the EP and the strengthening of parliamentary oversight at the national level. By contrast, horizontal *demoi-craticization* has been promoted by governments as an alternative to majoritarian and legally binding policy-making in core areas of statehood as well as coercive and redistributive policy-areas; it has resulted in soft, coordinative forms of policy-making, seeking to protect national autonomy. The extent to which these developments actually meet the normative standards of *demoi-cracy* in practice, however, is mixed.

## **Keywords**

Democracy, Democratization, Demoi-cracy, European Union, Multi-level Governance, Multi-centric Governance

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## Introduction

Over fifty years of European integration have led to a steady strengthening of the European *kratos* while the *demos* has mainly remained domestically constituted. European institutions have been endowed with increasing political authority, symbolized most strongly in the constitutional politics surrounding the European Convention, but also in the gradual supranationalization of decision-making procedures, and the development of European competences beyond regulatory politics into core areas of statehood. At the same time, collective identities, public spheres and intermediary political institutions such as parties and associations, that together constitute the *demos*, have retained their primarily national foundations. The current challenges facing the governance of the single currency epitomize the difficulty of balancing the functional pressure for more European government against the diversity of national economic systems and the domestic contours of political allegiances and solidarity.

Departing from supranationalist traditions that perceive the need for and expect the emergence of a European *demos* and from intergovernmentalist understandings that postulate limited powers for EU institutions based on delegation by the national *demos*, the notion of *demosi-cracy* embraces the dual character of the EU as a community of both states(peoples) and individuals in a common supranational polity (Nicolaidis 2003; Besson 2006; Bohman 2007; Cheneval 2008, 2011). Describing a political community of multiple *demos* or a 'community of others' (Weiler 1999, Nicolaidis 2004), *demosi-cracy* acknowledges the fact that the European polity is evolving on the basis of mainly nationally constituted *demos*. It refers to a 'Union of peoples - understood as both states and citizens - who govern together but not as one' (Nicolaidis 2013: 251). Therefore any assessment of the EU's democratic order must be based on the balance between, and interaction of, the political rights of individuals and those of the democratically constituted statespeoples (Cheneval and Schimmelfennig 2013). As we elaborate in this introductory article, a *demosi-cratic* political order establishes this balance in two dimensions: vertically in the interplay between EU-level and domestic legislative,

executive and juridical institutions; and horizontally in the balance between a set of common values and norms ensuring the equality of transnational rights of individuals, on the one hand, and respect for the diversity of the *demos*, on the other.

This special issue does not focus on the normative justification of *demos*-cracy in the EU but advances an empirical-analytical agenda. It seeks to demonstrate the fruitfulness of a *demos*-cratic perspective for examining the workings and development of institutions and policies in the EU. The contributions to the issue analyse a variety of vertical and horizontal interactions of EU and national actors; institutions (citizenship, parties, parliaments, and agencies); and policies (mutual recognition and the Open Method of Coordination) and their functioning and effects in consolidating – or undermining – *demos*-cratic processes in the EU. Our introductory article introduces the concept of *demos*-cracy and provides an analytical framework for the contributions to follow. It distinguishes a vertical and a horizontal dimension of *demos*-cracy and proposes an explanation of ‘*demos*-cratization’ in both dimensions.

## **Foundations and Principles of *Demos*-cracy**

### ***Demos*-cracy as Political Order and Government of Peoples**

We talk about democracy as government of *the* people and seem to presuppose that there is and should be only one people, be it as collective or as aggregate of individuals and groups. We also presuppose that this single *demos* be contained in a single state. But if the plurality of interlinked peoples is considered a normative and conceptual aberration, either the *demos* should be completely closed and separated or they should be incorporated into one single *demos*. Besides being impractical and out of touch with political claims to collective representation on various levels of

political integration in Europe and beyond, both alternatives are also inadequate on strictly normative grounds.

First, many basic rights are by definition transnational, such as freedom of exit, freedom of association and freedom of speech and press. While it is true that states are the addressees of the obligations to protect these rights, the group of the right holders is not identical with the citizens of the state that holds the obligation. Nor is the exercise of these rights by individual citizens bound by territory and membership. Second, as a consequence of the transnational character of many basic rights, political deliberation is not restricted to formal members of the *demos*. Third, normative democratic theory has not been able to solve the *demos* problem. In other words, there is no normatively satisfactory account of the democratic foundation of the *demos ab origine*. Not only do all *demos* have an undemocratic historic origin. But more so, we have no theory of how a *demos* could and should be constituted democratically in its origin. Hence, while the *demos* is necessary to conceive of democracy, the question whether there should be one *demos* or many cannot be answered on strictly normative grounds and the thesis that there should be many *demos* has as much normative currency as the single-*demos* imperative. It can even be shown to have normative advantages (for the three points see Cheneval 2011: 27-42; 57-82; Arrhenius 2005; Goodin 2007). Fourth, the normative justification for the preservation of multiple national *demos* in processes of political integration also stems from the critique of political incorporation, colonialism and imperialism that emphasise the importance of self-determination and self-government. The critique of political incorporation or colonialism and the justification of self-determination are grounded in the value of free association and in subjective legitimacy as necessary (not sufficient) element of the legitimacy of political authority. Self-determination can be understood as constituted by the fact that individuals affirm their own political institutions (albeit not necessarily every law they decide or every act they perform). It is an important good that legitimate political institutions are instituted this way rather than by force or imposition (Stilz 2012).

On the basis of the openness and interconnectedness implied in the notion of liberal democratic *demoi*, on the one hand, and of the legitimacy of separate, self-determined *demoi*, on the other hand, 'demoi-cracy' or 'government of the peoples' stands for the idea that separate statespeoples can freely affirm common political institutions and found and exercise political authority together in an institutional arrangement.

Popular sovereignty does not only imply that the people govern. First and foremost it means that the people constitute the state via a constitution and determine the scope and the competencies of state action. Democracy, at least in its liberal and constitutional meaning, is not only a form of government; it is a form of constitutional statehood. Accordingly, *demoi-cracy* is not just a form of government. If a polity has several *demoi*, this does not only affect government activity, but the constitutional structure of statehood. A democracy consisting of only one people has one *pouvoir constituant* and several *pouvoirs constitués* (parliament, executive, etc.). A *demoi-cracy* has several *pouvoirs constituants*, i.e. constitutive member statespeoples, and also several *pouvoirs constitués*.

When we say 'Peoples' or 'statespeoples' instead of 'states', we mean that sovereign decisions are to be taken by or directly accountable to the *pouvoir constituant* of the states which are the citizens organized as People. In a *demoi-cracy* the individual member statespeople has at least two rights equivalent to the rights of the citizen in democracy: exit and voice. Furthermore, government competencies might be delegated to common institutions, but not the right to recall these competencies or to exit the order. The common institutions ensure transnational non-domination (Nicolaidis 2012, 2013). The veto right and exit right assures non-domination of the People. No liberal democratic People is incorporated into a political order and subjected to constitutional rules against the approval of its constitutive power. No People is subjected to majority rule of common governmental institutions it shares with other Peoples if it has not accepted this rule in the first place. Popular sovereignty is being exercised in a positive sense if the Peoples and citizens decide on common rules together unanimously. Once common rules exist, the rejection of new rules is in the competency of every single People if it decides to use its veto power. In other words, the status quo

is controlled by every People individually; the change of ground rules can only be enacted by all Peoples together.

These considerations are reflected in the first and fundamental principle of *demoi*-cracy: sovereignty of the statespeoples' *pouvoir constituant* regarding entry, exit, and basic rules of the political order of multilateral democracy (Cheneval 2011: 133-140). As *demoi*-cracy cannot presuppose a common political *demos* as *pouvoir constituant*, it has to constitute the framework of decision making by agreement of the participating *demoi* and accept that the *demoi* may exit the political order or veto its further development. If this becomes unacceptable to the others, the *demoi* willing to move forward need to found a new political order, or the *demoi* opposed to change need to exit, or some sort of differentiated integration has to be agreed on.

## The Domain of *Demoi*-cracy

The domain of *demoi*-cracy is delimited by three structural dimensions: the distribution of formal authority, substantive policy competences, and the *demos* configuration across levels of government. In all of these dimensions, *demoi*-cracy constitutes an intermediary realm or a 'third way' (Nicolaidis 2012; 2013) between national and international politics. The realm of national politics is typically characterized by a single *demos* and a centralized polity exercising authority over the full range of policies, including coercive and redistributive ones. The realm of international politics typically features multiple *demoi*, formal anarchy and sector-specific cooperation on regulatory and possibly distributive policies.

International organizations, the normal form of political organization in the international realm, are typically based on the voluntary membership and consensual decision-making of the participating states. They do not have independent authority or coercive competencies vis-à-vis their member states. According to the functional theory of international institutions, international organizations are instruments established by states in order to facilitate pareto-efficient cooperation by reducing



transaction costs and monitoring state compliance (Keohane 1984). International organizations typically make issue-specific regulatory or distributive policies, which primarily tackle conflicts about interests that are relatively contained (Lowi 1964). In such a condition, *demoi*-cracy may not even be required because policy effects are pareto-efficient, e.g. do not create losers, and national channels of democratic representation and accountability remain formally intact.<sup>1</sup>

There is, however, a tendency away from the classical international organization. An increasing number of multilateral organizations are rule-based and establish independent supranational dispute settling or adjudication. They firmly transcend the realm of international politics once they acquire hierarchical features such as binding majority decisions, legal supremacy, and coercive powers. Moreover, such organizations may move away from purely regulatory and distributive policies in the direction of redistributive policies (such as taxation and welfare policies) or coercive policies (such as external or internal security). Coercive and redistributive policies are more sensitive towards questions of societal solidarity and state sovereignty because they affect the states' monopoly of force and the states' capacity to mediate ideological conflict among social classes. They are also more likely to result in conflicts about values. The more multilateral organizations engage in polity-building and redistributive or coercive competences, the less they can rely on technocratic legitimacy or indirect democratic legitimacy borrowed from their (democratic) member states (Zürn et al. 2012). They need to create their own democratic legitimacy instead. Nation-building or *demos*-building, however, do not necessarily follow polity-building. In this case, international politics is not fully transformed into national politics but remains in an intermediary realm of a polity with multiple *demoi*.

The EU is a prime example of this intermediary realm. First, it features supranational organs with independent competences, a separation of powers at the supranational level that constrains the collective power of member state governments, legally binding majority decisions on most issues, exclusive or dominant competences in a number of policy areas, and legal supremacy of European law. Second, EU governance has incrementally transformed its nature from what has been

characterized as a 'regulatory state' (Majone 1996) to a more political union. The EU's political authority has developed first and most strongly in the fields of regulatory policy and to some extent in areas of distributive policy such as the Common Agricultural Policy and the Regional and Structural Policies. Since the 1990s, however, the EU has moved into coercive policies. Most prominently, EU Justice and Home Affairs, which extend from police coordination to the approximation of criminal law and immigration policy, address core functions of statehood and seek to strike a balance between liberal democracies' fundamental values of freedom, security, and justice (Lavenex and Wagner 2007). The current search for the right response to the debt and currency crisis highlights the EU's impact on redistribution – both in the form of adjustment programs and, internationally, through the European Stability Mechanism and the emergency interventions of the European Central Bank in the bond market. This substantive extension of EU powers shifts the 'constitutional settlement' on which the EU has been based, namely that 'the European level of government is responsible for the creation and regulation of the market (and the related external trade policies); [while] the domestic level of government is responsible for taxation and redistribution...; and the domestic governments are collectively responsible for policies on internal...and external security' (Hix 2007: 143-4).

While the EU has thus gradually expanded its formal authority and substantive policy competence, the development of a unified *demos* is lagging far behind: collective identities, public spheres, and intermediary political structures such as parties and civil society organizations have remained predominantly national. It is this state of 'in-betweenness' that constitutes the domain of *demosi*-cracy. The treaty-based organizational structure of the EU is in line with the fundamental constitutional principle of *demosi*-cracy. It preserves the sovereignty of the statepeoples' *pouvoir constituant* requiring unanimity and national ratification for all changes of the basic rules. No statespeople is forced into membership or the deepening of integration. The treaties provide a procedure for orderly exit and accommodate differentiated integration.

Two developments would undermine *demosi*-cracy: nation-building and state-building. First, *nation-building* leading to the emergence of a single *demos* with a resilient collective identity, a unified public sphere, and functioning intermediary structures allows the polity to move towards democracy within the framework of national politics. In other words, *demosi*-cracy becomes redundant and inefficient if multiple *demosi* merge into one *demos*. Second, *state-building* eventually wrests those competences from the individual *demosi* that they need to preserve democratic self-government in any meaningful way. *Demosi*-cracy becomes devoid of substance if the polity's powers and resources become so centralized that the *demosi* lack the capacity to exercise their rights of voice and exit. Whereas the growth of supranational policy and decision-making competencies in a multinational polity triggers the need for *demosi*-cracy in the first place, too much growth undermines its foundations. Clearly, the increase of supranational authority, redistribution and coercion, and the concomitant distributional and value conflicts already put great strains on the weakly developed sense of common identity and transnational solidarity in the EU and thus underline the demand for *demosi*-cracy.

## Vertical and Horizontal *Demosi*-cracy

Whereas the fundamental principle of the statespeoples' *pouvoir constituant* applies to entry to and exit from a *demosi*-cratic order as well as to the agreement on its basic rules, governance in the context of a *demosi*-cratic constitution unfolds along two dimensions: a vertical and a horizontal one. According to Kalypso Nicolaïdis, *demosi*-cracy: 'is about multi-centered not only multi-level governance, with decisions made not *by* Brussels but *in* Brussels as well as elsewhere around Europe' (Nicolaïdis 2004: 85). Both vertical (multi-level) and horizontal (multi-centered) governance can be organized in ways that protect the rights of statespeoples more or less effectively (Table 1).

The *vertical dimension* is about the principles of making and implementing common legislation. In a multi-level perspective, it refers to the competences and interactions of legislative, executive, and

judicial organs situated at the supranational as well as the national (and, potentially, subnational) levels. The main principle is 'equal legislative rights of citizens and statespeoples' at the supranational level (Cheneval 2011: 144-148). Both statespeoples and citizens need to be represented at the supranational level and participate in law-making on an equal footing. The EU's bicameral legislature representing both statespeoples (in the Council) and citizens (in the European Parliament) and deciding predominantly by co-decision is generally in line with this principle. Co-decision, now the 'ordinary legislative procedure' of the EU, gives both the representatives of statespeoples and the representatives of European citizens veto power of legislation. In a *demoi*-cratic perspective, however, the current forms of representation are not optimal. The representation of statespeoples by national governments (in the Council) mixes legislative and executive power and contributes to executive dominance in the EU. The representation of citizens in the European Parliament suffers from the weakness of the European *demos*: truly European parties and candidates do not exist; voters have turned out in increasingly low numbers and treated EP elections as second-order national elections (Reif and Schmitt 1980). For these reasons, the *demoi*-cratic analysis of multi-level governance puts a strong emphasis on the empowerment and involvement of national parliaments in EU politics either via the control of national governments or as active participants at the supranational level.

With regard to legal integration, *demoi*-cracy is compatible with the supremacy of supranational law and jurisdiction over all aspects of the *demoi*-cratic order within the competencies stipulated by the basic rules. However, the composition of this highest court has to follow the principle of co-decision making and of equal representation of statespeoples and citizens. Moreover, the highest national courts play an important role as guardians of the sovereignty of the statespeoples and of the basic rules of the *demoi*-cratic order.

In contrast to the vertical dimension of *demoi*-cracy, its *horizontal or multi-centric dimension* does not focus on the vertical interplay of multi-level institutions in the production of common legislation and policies that harmonize and replace national rules. Rather, it works through the horizontal,

decentred interplay of member state institutions, in which national rules are not replaced but coordinated and approximated. There are various instruments that promote such 'horizontal sharing and transfer of sovereignty' (Nicolaidis 2004: 78), most prominently horizontal nondiscrimination, the Open Method of Coordination, and mutual recognition.

*Nondiscrimination* has a 'vertical' aspect in that states will respect and ensure to all persons within their territory and subject to their jurisdiction the rights recognized in the basic agreement or treaty without distinction of any kind such as race, colour, sex or national origin. It has also a horizontal interpretation known in multilateral trade regimes as the Most-Favoured Nation (MFN) principle. According to this principle, states do not give preferences to individual other states without granting them to all. They agree that special rights not stipulated by a Treaty but extended by one member state to another or to its citizens ought to be extended to all member states or citizens under the same conditions (Cheneval 2011: 140-42). Non-discrimination is the most autonomy-friendly form of horizontal coordination in a *demosi*-cracy. Each *demos* makes its own rules concerning transnational transactions; it is only constrained by the norm to apply them equally to all other *demosi* and their members.

The *Open Method of Coordination* (OMC) is oriented towards common goals but rather than attaining them through common legislation and harmonized national policies, it seeks to initiate a voluntary process of approximation of national policies supported by benchmarking (Borrás and Radaelli 2010; Sabel and Zeitlin 2010; Tömmel and Verdun 2009). A mix of learning from best practice and avoiding negative social influence is thought to drive a process leading to the horizontal diffusion of the most effective instruments to attain common goals. The OMC is less autonomy-friendly than MFN because it aims at the approximation of national rules and employs instruments of social influence to nudge the member states in this direction.

Finally, *mutual recognition* obliges member states to recognize each other's legal acts in the implementation of common policies and transnational interactions (Nicolaidis 1996). This principle

has travelled from the sphere of internal market regulation to Justice and Home Affairs (JHA) where it has become the cornerstone of integration in the fields of criminal law and, to a large extent, asylum law (Lavenex 2007; Sievers and Schmidt 2014). Mutual recognition is the least autonomy-friendly of the three principles of horizontal sharing of sovereignty. Although it does not force member states to replace their national rules and allows them to continue to make their own rules, they are obliged (and if need be forced by supranational courts) to accept goods, services and workers produced or trained according to rules of other member states. Depending on their relative competitiveness, foreign rules may crowd out the national rules in a market-based rather than democratic process.

<Table 1 about here>

Table 1 gives an overview of the core features of the vertical and horizontal dimensions of *demoi*-cratic government and governance. The two dimensions also generate different core research questions for the study of *demoi*-cracy in the EU. With regard to multi-level interaction, the focus is on the balance between and interaction of citizens' and statespeoples' representatives in decision-making on common policies. By contrast, in the multi-centric perspective, the focus is on the balance between unity (as expressed in the principle of equal transnational rights) and diversity (respecting the autonomy of national approaches) in policy-making.

## ***Demoi*-cratizing the European Union**

In the remainder of the introductory article, we focus on the conditions and processes of European integration that promote – or impede – *demoi*-cracy. In this section, we also introduce the findings from the contributions to this special issue. A core question for an analytical theory of *demoi*-cracy is the question of actors and preferences. Most fundamentally, is *demoi*-cracy an outcome of

intentional design, pursued and attained by specific social or political actors in the EU? Or is it rather the unintended outcome of constitutional conflict about European integration?

### Citizens and *demoi*-cratization

On the basis of both survey data and the study of focus groups, Hurrelmann (2014) confirms the predominantly national orientation of citizens and argues that Europeans generally lack the cognitive and attitudinal prerequisites of effective *demoi*-cratic citizenship. In a comparative analysis of media discourse, Beetz (2014) finds that ideas of *demoi*-cracy are almost completely absent in national elite media discourse. Whereas elites are aware of the multiple-*demoi* problem, the preferred solutions are structured according to the intergovernmentalist-federalist divide. Similarly, Winzen et al. (2014) suggest that political elites are aware of the multi-level interaction of institutions in the EU and that preferences for EU-related oversight competences of national parliaments depend on how national MPs evaluate the EP. These preferences seem to follow traditional ideological lines between culturally conservative and culturally liberal political parties rather than an explicit appreciation of *demoi*-cracy, however.

On the one hand, these findings offer strong evidence for a core assumption of *demoi*-cracy: that national *demoi* and citizens' national-democratic orientations are dominant in the EU and that *demoi*-cracy in the EU needs to rely strongly on – and possibly improve and strengthen – national democratic institutions primarily. Welge (2014) shows that EU citizenship as a *demoi*-cratic institution can, indeed, work in this way: it enhances the internal political efficacy of EU citizens living in another member state, i.e. their understanding of, and readiness to become involved with, their new political environment.

On the other hand, the contributions to the issue provide little evidence for a genuinely *demoi*-cratic understanding of the EU or genuine support for *demoi*-cratic institutional arrangements on the part of its citizens and elites. To the extent that the EU has acquired core features of *demoi*-cracy, it is a

*demoi*-cracy without *demoi*-crats. *Demoi*-cracy is an academic construct, which may adequately describe and justify the institutions and policies of the EU. At this point, however, it is not mirrored in the subjective knowledge and beliefs of citizens and elites. How has the EU's *demoi*-cracy emerged and develop then in the absence of explicit proponents and intentional design?

### Vertical *demoi*-cratization

Studies of institutional democratization at the EU level generally start from the assumption that it is an unintended outcome of inter-institutional constitutional conflict about the allocation and distribution of political competencies in the EU multi-level system (Schimmelfennig 2010: 212). Research on the gradual empowerment of the EP, the most important feature of institutional democratization in the EU, has produced two major explanations. For one, the normative-institutionalist or legitimacy-seeking explanation (Rittberger and Schimmelfennig 2006; Schimmelfennig 2010) stipulates that inter-institutional conflict is embedded in a community of values and norms, in which all actors share fundamental principles of liberal democracy. Whenever the efficiency-oriented deepening of European integration threatens to undermine democratic legitimacy – most prominently by the introduction of qualified majority voting (QMV) – governments consent to strengthening democratic institutions at the EU level in compensation. In the course of time, the link between QMV in the Council and EP co-decision has become a systematically applied constitutional principle of the EU (Goetze and Rittberger 2010; Roederer-Rynning and Schimmelfennig 2012). The other main explanation focuses on the inter-institutional bargaining taking place in EU politics and resulting in informal institutional changes that are subsequently introduced into treaty law. Farrell and Héritier (2003) stipulate several asymmetries favouring the EP in its bargaining with the Council: a stronger interest in legislative power rather than legislative substance, a longer time horizon, and a lower sensitivity to legislative failure than the Council. These asymmetries have made it possible for the EP to block legislation until the member governments consented to increasing its powers.



This research, however, fails to address the arguably most important point of *demoi*-cratization in contrast to mere supranational democratization: how democratic institutions at the national level react to European integration and how national and European institutions interact in response to the challenges of democracy in a multi-*demoi* polity. At the national level, the focus has again been on parliaments. Comparative research on EU-related powers of national parliaments has shown a general increase of parliamentary control in EU affairs over time and but also considerable variation across member states (e.g. Winzen 2012). The general increase of parliamentary oversight over time correlates most strongly with the deepening of European integration (Winzen 2013). Giving national parliaments a greater say in EU affairs can thus be understood as an alternative to EP empowerment in restoring parliamentary powers and democratic legitimacy lost in the process of European integration. Variation across member states is correlated with the traditional strength of parliaments and the strength of popular Euro-scepticism. In sum, the loss of national parliamentary authority resulting from the deepening of European integration has triggered compensating reforms in all member states but mostly so in countries which attach high salience to this issue (Raunio 2005; Winzen 2013).

These findings suggest that both parliamentarization in the EU and the development of EU-related rights of national parliaments follow a similar logic: compensation for the loss of national parliamentary power and democratic legitimacy resulting from European integration. From the perspective of *demoi*-cracy, they also trigger a series of further research questions. First, how do the trends towards parliamentary empowerment at both the supranational and the national levels relate to each other? Are they independent or interdependent? Second, how do national parliaments interact transnationally? Are they able to cooperate pro-actively to shape EU politics or do they focus on national reactions to European integration?

Winzen et al. (2014) address the first question. According to their analysis, parliaments in the European multi-level system develop partly in co-evolution. Whereas EP empowerment appears to proceed independently of national developments, it triggers systematic reactions by national

parliamentary parties. To the extent that parties are culturally liberal and do not face popular Euro-scepticism, they support the empowerment of the EP. Whether or not national parliaments perceive the EP as a competitor and strive for stronger parliamentary competences at the national level then depends on the party composition of the national parliament.

In sum, studies of multi-level parliamentarization show that vertical *demoi*-cratization is not an intentional process of constitutional design but results from two uncoordinated but interdependent processes. Both at the EU and the national level, parliamentarization has been triggered by supranational integration. At the EU level, integration-friendly institutional actors have successfully used the weakening of national parliaments as an argument to demand the empowerment of the EP in compensation. At the national level, parliamentarians have ‘fought back’ (Raunio and Hix 2000) by strengthening oversight mechanisms – especially in Euro-sceptic environments.

### Horizontal *demoi*-cratization

The vertical transfer of political authority to the supranational level has not only prompted the empowerment of the European and member states' parliaments. It has also been accompanied by the proliferation of ‘new’ modes of integration based on the horizontal coordination of national regulatory bodies (Héritier 2002; Héritier and Rhodes 2010; Sabel and Zeitlin 2010). Horizontal coordination is at the heart of different institutional innovations of the last decades. It is central to the phenomenon of ‘agencification’ (Egeberg 2003), i.e., the proliferation of EU regulatory agencies, which act as hubs of national regulators (Eberlein and Newman 2008). It is inherent to the principle of mutual recognition, which consists in states mutually recognizing the equivalence of each other's regulations (Nicolaidis 1996). And it is promoted by the Open Method of Coordination which is geared at promoting regulatory approximation on the basis of mutual learning (Borrás and Radaelli 2010).

As in the case of parliamentarization discussed above, these innovations can be explained by both normative-institutionalist motives and strategic bargaining. From a legitimacy-seeking perspective, supranational actors have promoted them as a response to a declining permissive consensus to the Community method of integration. According to the European Commission, the Union's 'legitimacy today depends on involvement and participation. This means that the linear model of dispensing policies from above must be replaced by a virtuous circle, based on feedback, networks and involvement from policy creation to implementation at all levels' (Commission 2001: 11). At the same time, coordinative modes of governance have also been pushed strategically by both supranational actors and states' executives in the attempt to enhance the EU's role in new areas lacking broad support for integration (Idema and Kelemen 2006: 117).

The normative and strategic incentives to shift to horizontal modes of governance are linked to the substantive properties of the policies the polity wants to deliver, or, according to Theodor Lowi, the idea that 'politics follows policy'. Emphasizing legitimacy-seeking motives, analyses of transgovernmentalism in JHA or macroeconomic policy coordination have argued that horizontal modes of governance have been devised to avoid the conflicts of legitimacy resulting from vertical shifts of authority in these core areas of statehood (Lavenex 2009, Dyson 2000, Hodson 2011). In their analysis of the OMC, Borrás and Radaelli argue that the choice for horizontal coordination is favoured where strong disagreement exists with regard to the substantive policy outcomes and institutional competences (Borrás and Radaelli 2010: 23ff.). Again, this is more likely to be the case in core areas of statehood and in policy areas implying coercion or redistribution. Next to this legitimacy-seeking hypothesis, the literature also suggests more rational choice dynamics for horizontal coordination. Studies of the OMC have highlighted that this soft mode of coordination is preferred to vertical integration if underlying problems are marked by uncertainty, that is, high complexity, need for expertise and consultations (Rhodes and Visser 2010; Sabel and Zeitlin 2010). Horizontal coordination should also be the preferred option where policy externalities generate a

benefit from European coordination but where incentives to defect are relatively low so that no hierarchical enforcement mechanisms are needed (Borrás and Radaelli 2010: 53ff.).

In this sense, while multi-level parliamentarization represents a compensation for vertical transfers of sovereignty, horizontal modes of governance constitute a multi-centric alternative to such vertical transfers, which seems to be preferred in areas of core state powers as well as redistributive and coercive policy. For optimists, it could be seen as an answer to the 'governance dilemma' (Eberlein and Newman 2008) that consists in reconciling functional pressure for more integration with the sovereignty and identity concerns of the national *demos*. Whether horizontal coordination necessarily produces *demos*-cratic outcomes, however, and under what conditions, needs to be explored further.

The articles contained in this special issue suggest a rather critical view on the *demos*-cratic credentials of new modes of governance. Addressing EU regulatory agencies, Michael Buess (2014) argues that in order to be *demos*-cratically legitimate, these technocratic bodies should be accountable to the elected governments of the member states. The analysis of the legal and factual relations between national representatives on EU agencies' management boards and their home governments, however, yields very low levels of political accountability across types of regulatory agencies. This lack of vertical accountability is not compensated by horizontal forms of peer accountability either. As documented in their answers to Michael Buess' online survey, national management board members rarely coordinate with their counterparts from other member states.

The difficulty to uphold *demos*-cratic standards in horizontal modes of coordination is also salient in Julia Sievers' and Susanne Schmidt's (2014) analysis of the operation of the principle of mutual recognition in the single market and Justice and Home affairs (JHA). The horizontal principle of mutual recognition needs to strike a balance between the preservation of the will of the statespeoples, expressed in the maintenance of the domestic rules, and the non-discrimination of individual citizens, expressed in their equality of rights. In both fields, however, the *demos*-cratic ideal

of 'unity in diversity' is undermined in practice. In the single market, a 'vertical' obligation to recognize all rules as equal has undermined the value of national rules. In the case of JHA, in contrast, mutual recognition subjects individuals to unequal rule of law and human rights standards, thereby honouring the 'rights of the *demos*' to the detriment of the individuals.

The third case study of horizontal governance, Susana Borrás' and Claudio Radaelli's (2014) analysis of the OMC, draws a more nuanced conclusion. After specifying different principles of legitimacy as well and identifying three different usages of the OMC, the authors argue that the *demos*-cratic quality of the OMC depends on properties of the underlying policy issues, on the one hand, and on the *demos*-cratic quality of domestic institutions, on the other hand. Similar to Sievers' and Schmidt's critique of mutual recognition in the single market, Borrás and Radaelli identify a vertical 'hardening' of the OMC in the case of Eurozone governance as the most worrying aspect from the perspective of balancing the rights of the peoples with the rights of the individuals. This argument echoes Kalypso Nicolaïdis' observation that 'so concerned are states... about possible horizontal domination that they incrementally opt for vertical domination' (idem. 2013: 359).

To sum up, both vertical and horizontal *demos*-cratization have been triggered by processes of supranational integration in the EU. They differ, however, in the origins and the outcomes. Vertical *demos*-cratization has initially been a reaction of parliamentary institutional actors to majoritarian decision-making in regulatory policy-areas, resulting in the empowerment of the EP and the strengthening of parliamentary oversight at the national level. By contrast, horizontal *demos*-cratization has been promoted by supranational and domestic executive actors as an alternative to majoritarian and legally binding policy-making in new fields lacking the 'permissive consensus' of earlier years and in core areas of statehood. It has resulted in soft, coordinative forms of policy-making, seeking to protect national autonomy – but sometimes deferring back to the classical supranational method of integration. While in the vertical dimension, the achievement of *demos*-cratic standards basically depends on national parliaments' recovery of political power, in the horizontal dimension, it depends on both calibrating the equal rights of individuals against the

particularism and potential domination of the *demos*, and on anchoring these executive modes of coordination in the democratic institutions of the member states.

## Conclusions

In a *demos*-cracy, separate statespeoples enter into a political arrangement and jointly exercise political authority. The proper domain of *demos*-cracy is a polity of democratic states with hierarchical, majoritarian features of policy-making, especially in value-laden redistributive and coercive policy areas, but without a unified political community (*demos*). In its vertical dimension, *demos*-cracy is based on the equality and interaction of citizens' and statespeoples' representatives in the making of common policies. Horizontally, it seeks to balance equal transnational rights of citizens with national policy-making autonomy. The EU belongs to the domain of *demos*-cracy and has established many of its features both vertically and horizontally.

We have also argued that vertical *demos*-cratization has resulted from two uncoordinated but interdependent processes. Both at the EU and the national level, parliamentarization has been triggered by supranational integration, in particular the introduction of majoritarian decision-making. At the EU level, integration-friendly institutional actors have successfully used the weakening of national parliaments as an argument to demand the empowerment of the EP in compensation. At the national level, parliaments have reacted to supranational integration by strengthening their oversight mechanisms – especially in Euro-sceptic environments. By contrast, horizontal *demos*-cratization has resulted from the expansion of integration into core areas of statehood with redistributive and coercive implications. It is driven by governments seeking to protect their autonomy rather than by parliaments seeking to regain voice. Vertical and horizontal *demos*-cratization thus represent responses to different conditions and pathways of European integration.

How stable and sustainable is *demos*-cracy? For one, the stability of *demos*-cracy depends on the stability of its domain. Clearly, *demos*-cracy is highly unlikely to become redundant as a result of

European nation-building. The more important danger is the hollowing out of *demoi*-cracy by centralization. Most visibly, recent fiscal policy developments in the Euro crisis point to an increasing discrepancy between tenacious national *demoi* and yielding national states. In addition, the absence of entrenched *demoi*-cratic attitudes among EU citizens and *demoi*-cratic frames in public discourse weakens its stability. By contrast, the constitutionalization of *demoi*-cratic principles in the treaties of the EU (such as the rules for entry, exit, and change of basic rules; the principle of double representation of citizens and statespeoples; or the Charter of Fundamental Rights) should help to stabilize *demoi*-cracy beyond the uneasy balance based on countervailing tendencies in European integration.

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<sup>1</sup> This is only true for international organizations exclusively composed of democratic member states. We do not deal with the (much more frequent) case of IOs with autocratic members.