

Exploring the incentives of Europarliamentarians

by Ákos Tamás Kész

Abstract

In the following few pages I would like to answer the question what are the incentives of the representatives in the European Parliament to keep their voters uninformed? During my recent master's thesis research I developed the hypothesis that MEPs are playing in two different roles. One whereof in Brussels and Strasbourg is to cooperate in order to expand the power of the EP. On the other hand, they try to “sell their services” for their national voters whose votes are really based on domestic preferences. In this paper I would like to argue for this hypothesis by the public choice literature.

1 Introduction

The first assumption in my research is that democratic deficit exists in the European Union. The introduction of the phenomenon of democratic deficit is not the part of this paper, however I have already examined it in my previous publications. Under the phrase democratic deficit we understand the multiple representations of the European people in the EU decision-making on the one hand and this is mainly constructed through the national executive branches. On the other hand the missing demos, which should be the substantive side of a democracy, is an important reason of this problem. There are no proper European parties, European initiatives or European public life for that matter. The second assumption is that a common European political sphere - where EU issues dealt with by European parties and citizens are also continuously followed by the above - would be able to ameliorate the problem of democratic deficit at EU level. However, this desired common political sphere has been missing recently. To find an answer what is the reason of the absent of this European political sphere I will concentrate my examination on the European Parliament and try to identify the incentives of the MEPs regarding their political behaviour. To achieve this goal I will base my argumentation on the public choice literature which helps me to identify several problems within the European political arena discouraging the development of a European public sphere.

2 The paradox of voting in Europe

The starting point of this evaluation could be the concept of rational voter. It can be applied for European Parliament elections in order to underpin why not the EP is the best solution for the democratic deficit problem. In the pivot of the rational voter theory stands the assumption, that the citizen brings his decision in election, that

he “envisages the different ‘streams of utility’ to be derived from the policies promised by each candidate” (Mueller, (2003) 304. p.). Naturally he will choose the candidate which promised the policy brings the highest utility for him. “One votes to bring about the victory of one’s preferred candidate”. But it is clearly unlikely that one vote decides the outcome of an election and here stems the origin of the rational voter concept. Namely one’s vote has an impact on the outcome of the given election *only* when all other votes between the candidates are split; or in the case if one’s preferred candidate would lose the election without this one vote. So the probability of one’s vote will decide the outcome of an election is as low as the chance “of being run over by a car going to or returning from the polls”. It is much worse to being run over by a car than having one’s preferred candidate lose, so “potential cost of voting alone would exceed the potential gain, and no rational self-interested individual would ever vote” (304. p.).

Still people use to participate in the ballots which reason is their “patriotic or civic itch” which persuades individuals to vote. (329. p.) These may not be strong enough regarding the European identity. Thus European electorate do not derive satisfaction from the private or symbolic act of voting which is reasonable knowing that people in Europe do not feel themselves European citizens. This kind of “civic duty” is absent from the European democratic system but exists at national level.

Size of an electorate plays also crucial role in the question whether people vote or not. The possibility of one benefits from the voting vanishes in an electorate where the number of voters is large and the case is exactly so in the European Union. When the electorate is large only the instrumental value of the vote is what determine whether or not an individual votes.

If we accept the statement that “turnout falls as the costs of voting rise” than argumentation can be made to explain the low level of turnout at the EP elections. The information which is necessary to bring decision at an election is costly (Downs, (1957) 139. p). Moreover in the case of the European Union it is much more costly, because news, data or facts about the European political life – or simply about the functioning of the EU – do not dominate national media. If a voter wants to collect these information than he has to spend more time to find them.

The cost of the information rises because of the world of the “imperfect knowledge” which has another impact on the election too. Namely, that the political parties want to influence voters through persuaders to win themselves for their own interest, or put it simply, to get their votes. In order to achieve this, the persuaders will sell only those information about political programmes which are attractive for the

group of the given voters (139-140 pp.). But the parties in order to recognize the favor of the citizens have to send out representatives who can discover preferences of the voters at the one hand and who can influence them about the election of the given party (139-140 pp.). But this action is also costly - and much more costly within the EU. Hence it leads to decentralization until the point when the marginal vote-gain becomes equal to the marginal vote-loss. It can explain why national parties in the European Union run for the EP mandates rather than European ones, because to uphold and manage parties which can discover citizens preferences and which can effectively influence voters, is much more costly at European level than work it out in the Member States.

Until now I only cited the rational voter hypothesis from Downs but his theory about rational ignorance also plays an argumentative role against the current system of the European Union. In this theory the crucial point is that if the information is costly than *none of the voters will get all of the information* needed to decide that which party will he choose and to decide how he can indirectly influence the governments political activity. It rises from the fact that the possibility of one's vote decides the election is so low that it is not worth for the voter to get all of the information which is necessary to the voting (145-146 pp). In sum, for most of the voters it is irrational to collect political information to his vote. But it should not be seen as an "unpatriotic apathy" but as a "highly rational response to the facts of political life in a *large* democracy". The reason why I highlighted *large* is, that the European Union exactly a *large democracy*.

As a consequence it is "highly rational" for the citizens to stay uninformed about political issues because they have so low opportunity to influence decisions that it is not worth for them to spend time and money for necessary information. But this fact leads to a paradox situation and proves again the ineffective answer of the EU for the legitimacy problem, because if citizens - assuming rational behavior - do not want information about European issues than their participation in decisions and hence legitimacy of those decisions will not rise.

3 The cartels of Europarties

Wide range of articles argue that a clear left-right dimension shapes the European Parliament's party coalition methods (Hix et al. (2006); Voeten (2009)). At the same time, data show and further researches demonstrate that many votes represent the European Parliament's opinion as a whole, contrary to the Commission or the Council (Hix et al., (2002) 12. p.; VoteWatch Europe, (2014)). This means that MEPs have a common stake to joining their votes in order to increase the power and

influence of the organization (Josselin - Marciano, (2000)) in the European Union's decision-making process.

Political competition can be deemed beneficial since it motivates representatives towards the “production” of goods and services, which are desired by the voters. If this competition is missing, then the mentioned incentives become weaker (Mike, (2009) 94. p.). In case the left-right dimension determines the political sphere, the parties in a democracy tend to maximize their winning opportunities, leaving no place for collaboration. In this dimension, parties should compete. However, collaboration is only rational if the excluded parties would receive lower level of utility. Namely, if cooperation with other parties secures higher benefit as to compete with them then parties will choose the former strategy. In this scenario, parties formulate a parliamentary cartel, which may be the case in the European Parliament. Europarties, or a significant part of them, in order to increase the power of the EP, join a cartel since it provides a higher benefit to them contrary to compete with each other (Mike, (2009) 90-112 pp.).

However, parties are able to break the cartel agreement. The higher the dissatisfaction of the party's voters owing to the collaboration, the higher the incentive for the given party to leave the cartel. In other words: the stronger the party affiliation of the voters to a party, the smaller the incentive for this party to break the collaboration with the other parliamentary parties. In sum, the evolution of a parliamentary cartel is more likely when 1) the revulsion of the voters against the collaboration is less intensive; 2) the party affiliation of the voters is stronger; and 3) when the new position has a more profound influence on the voters' control (104. p).

Taking the above factors into account, it can be stated, that the European Parliament is an idealistic field for party collaboration. Since electorate stay rationally uninformed about the parliamentary activity of the Europarties and strong party affiliation does not characterise the European population. Party groups can easily form cartels aiming the empowerment of their organization. This latter activity of the EP has been common sense since its foundation, which means that parties have been involved in this cooperation since a long time. It is an important feature because the longer the parties can maintain the cartel, the easier its further reservation (105. p).

4 MEPs national linkages

Arguments in this section, although from different perspective, but highlight the MEPs strong connection to their Member State which linkage also determines their

policy preferences in the EP and thus their behaviour as politicians. These arguments support the applicability of public choice school in the evaluation of the European Parliament's representation function.

First, based upon the article of Yordanova (Yordanova, (2011)) we can state that the EP is in a great amount organized by national party delegations. Yordanova mentions it at the first place, before European party groups and the traditional left-right ideological palette. One can also note here Scully's (Scully et al., (2012)) finding which says that the 40% of policy position can be explained by nationality. It is also meaningful that the adopted opinion of the European Parliament tends to be close to the preferred outcome of the rapporteur's Member State (Costello - Thomson, (2010)). Another argument next to the strong national influence in MEPs work that their attitudes can be expected to be a function of prevailing attitudes to the EU in the MEPs own state, and the relative electoral success of different parties in European elections (Scully et al., (2012)). One can conclude that nationality of MEPs cannot be excluded as a decisive factor of their parliamentary behaviour.

Scarrow (Scarrow, (1997)) argues that MEPs with long-term European career plans are more independent from domestic politics and the influence of their national party. At the same time a conflicting argument stems from Yordanova (Yordanova, (2011)) which says that MEPs try to improve their individual popularity with national party leaders, since their future political career depends on them. This is another feature which proves real motives of MEPs, which is to stay in power and until it depend on their national party and national voters they will promote domestic policy requirements and expectations, but at the European scene.

The role of voters and the election of the EP itself is another meaningful element of the literature which proves the applicability of public choice framework. The content of EP elections' campaigns is important to highlight, since these elections are not fought upon Europe itself nor issues which dealt by the European Parliament, but on purely domestic topics (Lefkofridi - Kritzinger, (2008)). The fact that voters do not choose Europarties but national once also has an importance. According to Lefkofridi and Katsanidou (Lefkofridi - Katsanidou, (2013)) we know that "policy congruence between voters and their preferred national party does not equate to policy congruence between voters and the Europarty their national party joins". It means that once the selected national party joins a Europarty the policy congruence between the voter and the selected party could be distorted.

It was already detailed that politicians' nomination as MEP candidates can be secured by national party leaders and it is also clear that the election of him or her

depends on national, domestic voters. These two features leads to one simple conclusion - derived from public choice framework: MEPs will strive to represent national interests in the European Parliament, because they want to be reelected and this is the function of 1) national party nomination; and 2) votes of domestic electorates. The voters do not gather information about EP activities and European issues since they are costly, and the electorates choose among national parties not Europarties. These two features further explain why MEPs are interested in national representation.

As an answer to this problem Hix (Hix et al., (2002)) suggest a European parliamentary system wherein party groups compete on policies and candidates, and than organize cohesively to protect these aims. I agree with this idea however do not believe as a feasible scenario.

Important feature of the EP is that many of its votes represents the opinion of the chamber as a whole contrary to the Commission or the Council (Hix et al., (2002)). This leads us to the conclusion that MEPs have a common stake to joining their votes in order to increase the power and influence of their organization.

Regarding to this feature the article of Sam Peltzman (Peltzman, (1976)) can be useful. Although, the professor examined in what amount interest groups influence decision-making, his developed model can be applied - in this case - for the European Parliament as well if we assume that Europarties are in the same position as interest groups in Peltzman's model. The model introduce that decision-maker favours lobbyists until the point when his marginal utility is equate with the marginal cost due to the the loss of voters who do not accept this strategy. Information asymmetry plays crucial role in the model since the higher the level of information asymmetry the higher the probability that decision-maker will favour the interest group. If one applies this model for the European Parliament than it turns out that MEPs will strive for the empowerment of the chamber until the point where the benefits from this move equates their loss. The latter is the loss of votes owing to this strategy. Since information asymmetry is high in the EU, due to its costliness, possibility that representatives will follow this strategy is much more higher.

5 Principal-agent relations at the European scene

Representational relation can be examined in a principal-agent perspective too, wherein voters are the principals who are choosing agents - in this case MEPs - among several candidates. In order to facilitate selection based on policy congruence, the agents sort themselves into form of organizations, which we know

as parties, to promote specific policy proposals (Lefkofridi – Katsanidou, (2014) 110. p.).

Principal-agent relationship exists between two parties when one, designated as the agent, acts for, on behalf of, or as representative of the other, who is designated as principal. At the heart of the principal-agent perspective stands the “principal's problem”, that is, how to control the agent's selfish behaviour. The four well-known control mechanisms of P-A literature are 1) choosing the agent carefully; 2) designing the agent's contract so that it contains the correct incentives; 3) monitoring the agent's action; and 4) applying sanctions to agents who drift from the original contract (Blom-Hansen, (2005) 629. p.).

In the European Union the principals are the Member States who delegate tasks to the EU institutions. The problem is twofold: it involves defining a criterion regarding which responsibilities would be distributed between the various institutional levels and also, designing an agency contract to ensure the agents conform to mandate. The authors argue the incompleteness of constitutional contracts and suggest that the failure of enforcement or incentive mechanisms is only one aspect of the above-mentioned problem. The main reason of the problem is the instability of the contract, which is the result of their incompleteness (Josselin – Marciano, (2000) 218. p.).

If there is a need for a particular decision then the main question is to decide whose competence it would be to bring decision; does the domain belong to the principal or the agent? This should be described by the contract, but due to its incompleteness, the agent has the capacity to define his set of competences. Therefore, a constitutional dilemma arises which can be described in three stages. In the first stage, an agency contract provides a principal with formal authority. In the second, the principal must leave the opportunity to complete the contract to the agent since the former is not able to do this. Thus, the latter can modify the contract in a way to his own advantage. “Instability thus means that the agent is likely to take the place of his principal, and therefore, reverse the agency relation” (219. p.). In the third stage, no other agent can be involved by the principal in order to ameliorate these behaviours.

The task to complete the „European constitution” would have been the responsibility of the principals. However, it was done largely by the judiciary activism of the European Court of Justice. Later on, owing to the increasing criticism because of the EU's democratic deficit – since the directly elected European Parliament functioned only as a consultative body – the EP's power started to

increase and as such, an influential actor among the European institutions became considered as an agent. Currently, the Parliament and the ECJ seem to have engaged themselves in a logrolling situation of “reciprocal increase in their respective prerogatives” (228. p.).

Logrolling refers to the political practice when majority formation of coalitions formulated in order to support a “potpourri” of minority positions (Rowley - Schneider, (2004) 375. p.). Typically it refers to legislative vote trading, or to describe it more straightforward it is the “truck and barter” activity of politicians when they agree such as “you vote for my pet issue and I will vote for yours” (Mueller, (2003) 105. p.).

In the EU the EP and the ECJ engaged in such a logrolling process and joined their forces to reverse the agency contract and thus play the role of principal. These activities are not surprising since co-decision is a process through which the power of both the Court and the Parliament has increased. According to Josselin and Marciano this means that “the democratization process in Europe has led to a shift of power from the representatives of the principal (the Commission) to the agent (the European Court of Justice)” (Josselin - Marciano, (2000) 229. p.).

In sum, the constitutional dilemma of the EU arises since the agents - in this case, the European Parliament and the ECJ - can take advantage of the prerogatives conferred to them. However, the principal retains the formal authority or sovereign power but cannot exert it. Thus, the contract remains incomplete and the principal is not able to complete it anymore, since the agent owns this option and as such the opportunity to modify it to his own advantage, by keeping his initial entitlements and building on them to increase his power (229. p.).

6 Conclusion

Based on the public choice literature the phenomenon that inter-party cohesion becomes stronger over time and thus party affiliation begins to determine the policy-making in the EP, instead of Member State affiliation looks somehow problematic. If one assumes that voters are not interested about EU issues and rationally stay uninformed about them than what would motivate MEPs to act in the way of this increasing inter-party cohesion.

The answer can be the well-known character of bureaucracy which says that these organizations tends to work on the increasing of their power and which caharcter was also supported by the article of Josselin and Marciano. The European Parliament is an excellent example of this feature, since this EU institution is known about their aggressive authority expanding virtue. Together with the increased power of the EP

the cohesion of party groups also has grown. However, collaboration among different Europarties were also shown. In sum, parties in the EP try to collude in order to expand the playing field of their organization.

It is questionable whether this is the interest of the voters. Maybe it is not, since citizens of the EU do not really care about EP elections. In the EU27, more than half of the citizens (51%) said that they are not interested in European elections (European Parliament, (2008)). Further surveys show that voters pay more attention to domestic issues (Moravcsik, (2008) 338-340. pp.) than currently European ones. Furthermore, the second-order character of the EP elections also shows the ignorance of citizens toward this institution. Until citizens do not identify themselves as Europeans and are not firmly attached to a European identity (European Commission, (2014)) they will most likely not support a federal development whose cornerstone would be a powerful European Parliament. Nevertheless, it is important to note that these characters can be only proxies to answer the question of interests of the European citizens. The real data may lead to different conclusion (European Parliament (2015); European Parliament (2014)). Still, at the same time the parallelism between the growing power of the EP and the increasing number of those who oppose this tendency is significant.

The conclusion of these two features are: on one hand, the MEPs motive of action is to expand the power of the EP, on the other hand, this may not be truly in the interest of the citizens.

This leads to the next step in my hypothesis, which assumes that MEPs in turn have a share to hide their parliamentary action, because voters based on this performance may not vote on them since it is contradictory to their interest. MEPs can easily act this way since the high cost of information gathering at the European level and so the rational ignorance of European voters allows them to hide their action. Indeed, MEPs are playing in two different roles, one whereof in Brussels and Strasbourg is to cooperate in order to expand the power of the EP. On the other hand, they try to "sell their services" for their national voters whose votes are really based on domestic preferences.

The rational ignorance of the voters and the incentive of MEPs to hide their action lead to a conclusion, which is in this quasi-parliamentary system, nobody is interested in developing a European political sphere. However, this would be desirable to the effective function of the European Parliament. Because effective voter representation could be carried out only within a political sphere, where preferences of Europarties - and not national ones - are known by citizens and they

can base their votes upon these ideologies.

This is why the suggestion of Hix is relevant here which envisages a European parliamentary system wherein party groups compete on policies and candidates, and then organize cohesively to protect these aims. This assumes a European political sphere containing true Europarties with “Euro-candidates” and “EU ideology” which would be information available for and required by the voters. Even though I agree with this suggestion, still do not believe that this is a feasible scenario in the current institutional framework. Unfortunately, the actual “rules of the game” do not allow the development of such a political sphere.

7 Bibliography

Costello Rory - Thomson Robert (2010): The policy impact of leadership in committees: Rapporteurs' influence on the European Parliament's opinions, *European Union Politics*, 11(2): 219-240.

Downs Anthony (1957): An Economic Theory of Political Action in a Democracy, *Journal of Political Economy*, 65(2): 135-150.

European Commission (2014): Standard Eurobarometer 82, Autumn 2014. (<http://bit.ly/1Be2RaW>)

European Parliament (2008): The 2009 European elections. Special Eurobarometer 299. (<http://bit.ly/1aLR7mF>)

European Parliament (2014): Activity Report 2009-2014 (<http://bit.ly/1Cws16o>)

European Parliament (2015): European Parliament Eurobarometer (EB/EP 82.4) (<http://bit.ly/1D8NdnP>)

Hix Simon - Noury Abdul - Roland Gerard (2002): A normal parliament? Party cohesion and competition in the European Parliament 1979-2001, *EPRG Working Paper*, No. 9.

Josselin Jean-Michel - Marciano Alain (2000): Displacing your Principal. Two Historical Case Studies of Some Interest for the Constitutional Future of Europe, *European Journal of Law and Economics*, 10(3), 217-233.

Lefkofridi Zoe - Katsanidou (2014): Multilevel representation in the European Parliament, *European Union Politics*, 15(1): 108-131.

Lefkofridi Zoe - Kritzinger Sylvia (2008): Battles fought in the EP arena: Developments in national parties' Euro-manifestos, *Österreichische Zeitschrift für Politikwissenschaft*, 37(2): 273-296.

Mike Károly (2009): Adalékok a Föderalizmus Gazdaságtanához - Alkalmazásokkal az Európai Integrációra, Phd Dissertation, (<http://bit.ly/1DIMGDR>)

- Moravcsik Andrew (2008): The Myth of Europe's Democratic Deficit, *Intereconomics: Journal of European Public Policy*, 43(6): 331-340.
- Mueller C. Dennis (2003): *Public Choice III.*, Cambridge University Press, New York.
- Peltzman Sam (1976): Towards a More General Theory of Regulation, *Journal of Law and Economics*, 19(2): 211-240.
- Rowley Charles - Schneider Friedrich (2004): *The Encyclopedia of Public Choice, Volume II.*, Kluwer Academic Publications, New York.
- Scarrow E. Susan (1997): Political Career Paths and the European Parliament, *Legislative Studies Quarterly*, 22(2): 253-263.
- Scully Roger - Hix Simon - Farrel M. David (2012): National or European Parliamentarians? Evidence from a New Survey of the Members of the European Parliament, *Journal of Common Market Studies*, 50(4): 670-683.
- Voeten Erik (2009): Enlargement and the "normal" European Parliament, In: Thomassen Jacques (ed.) *The Legitimacy of the European Union after Enlargement*, Oxford University Press, Oxford.
- VoteWatch Europe (2013): 20 years of co-decision - A more (party) political parliament a less consensual Council, 2013, (<http://bit.ly/18aYt1m>)
- Yordanova Nikoleta (2011): The European Parliament: In need of a theory, *European Union Politics*, 12(4): 597-617.