The European Parliament and the MERCOSUR Parliament as Tests of Rationalist Theories of International Relations

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Introduction

Directly-elected supranational parliaments present a unique challenge to rationalist theories of international relations. By design, supranational parliaments are intended to operate independently of state control. Their members are accountable only to their constituents. In some cases, they possess the authority to veto state initiatives. None of these features align with rationalist, state-centric theories such as neorealism and neoliberal institutionalism, which tend to view institutions in either epiphenomenal or instrumental terms. Is it possible to reconcile rationalist theories with the existence of supranational parliaments, or does the latter undermine the former?

The following paper offers an answer to this question. I argue that rationalist theories *can* shed light on the decision by states to create supranational parliaments, but to varying degrees. Specifically, I argue that of the main rationalist approaches, neoliberal institutionalism provides a more comprehensive account than neorealism. I use as case studies the transition by the European Parliament to direct elections in 1979 and the creation of the Southern Common Market (MERCOSUR) Parliament in 2005. My analysis suggests that several concepts emphasized by neoliberal institutionalism – absolute gains, norms and state preference formation – explain why European states agreed to end the practice of appointing Members of the European Parliament in favour of direct elections by universal suffrage. The same concepts explain the failure to date of the MERCOSUR Parliament to make a similar transition.

This paper contains four main sections. In the first section I describe the primary tenets of neorealism and neoliberal institutionalism. The second section articulates a defence of my use of international relations theories in the context of Europe Union,

which some scholars have argued demands a separate theoretical approach. In the third and fourth sections I describe and analyze the European Parliament and MERCOSUR case studies, respectively.

Rationalist Theories of International Institutions

The following section describes the main features of neorealism and neoliberal institutionalism, the two theoretical approaches applied in this paper. I have omitted from my analysis constructivist and critical theories, both in order to maintain concision and because their central tenets are less problematic in the context of supranational parliamentary organizations. I wish to engage with rationalist theories on their own grounds, rather than look beyond their paradigmatic boundaries in order to reconcile the apparent contradiction between rational self-interest and acquiescence to a supranational legislature imbued with democratic legitimacy and autonomy. My objective, in short, is to understand how theories built on a statist ontology interpret and explain the emergence of institutions designed to function beyond state control.

Neorealism

Neorealism assumes that states are the principal actors of international relations. It also posits that states are rational and unitary. Moreover, given the anarchic structure of the international system and the asymmetrical distribution of capabilities, neorealism asserts that the primary goal of foreign policy is the maintenance of national security. States are thus understood as positional rather than atomistic, meaning they are concerned

with the balance of power.[1] As Kenneth Waltz emphasizes, balance-of-power politics prevails "wherever two, and only two requirements are met: that the order be anarchic and that it be populated by units wishing to survive."[2] Although neorealists disagree about the extent of state aggression – in other words, whether security is best guaranteed through the maximization of relative power or the preservation of the status quo – there is consensus among neorealist scholars that anarchy at the international level demands that self-interested states interact with one another according to the logic of self-help.[3] From this perspective, the fundamental dynamics of international relations are characterized by competition, distrust and selfishness, with war as the inevitable outcome.

Neorealists consequently have a pessimistic view of international cooperation, particularly in the absence of a hegemon. States are wary of cooperative arrangements due to the possibility of differential relative gains. Put differently, a state will only cooperate in situations where the predicted outcome will, at best, improve its relative capabilities or, at worst, maintain the status quo.[4] Absolute gains are important, but ultimately trumped by balance of power considerations. A related impediment is the risk of cheating, since states have an incentive to defect from agreements whenever there is an opportunity to realize a relative advantage.[5] To be sure, neorealism does not suggest that cooperation is impossible, merely that it is infrequent and tenuous.

Neorealists are understandably dismissive of the role of international institutions. They argue that institutions serve an instrumental purpose, and are best understood as

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[1] Joseph M. Grieco, "Anarchy and the limits of cooperation: a realist critique of the newest liberal institutionalism," *International Organization* 42, no. 3 (1988): 487.
[2] Kenneth M. Waltz, *Theory of International Politics* (Reading: Addison-Wesley, 1979), 121.
[3] John J. Mearsheimer, "The False Promise of International Institutions," *International Security* 19, no. 3 (1994-1995): 11-12, note 27.
[4] Grieco, "Anarchy and the limits of cooperation," 499.
[5] Mearsheimer, "The False Promise of International Institutions," 13.

tools deployed by powerful states to reinforce or expand their power. Further, the rules of institutions are set to reflect the distribution of power in the international system.[6] As with cooperation generally, states are expected to participate in institutions only so long as it serves their interests. Institutions are thus shallow phenomena, in the sense that they are superficial covers for the operation of material power as opposed to rigid constraints on state behaviour. By extension, institutions have minimal explanatory value for neo-realists. These scholars, write Abbott and Snidal, "believe states would never cede to supranational institutions the strong enforcement capacities necessary to overcome international anarchy. Consequently, IOs and similar institutions are of little interest."[7]

Neorealism constructs on the dual foundations of self-interest and anarchy a vision of international relations that discounts the significance and autonomy of non-state actors. To explain the creation of IOs, including supranational parliaments such as the European Parliament and the MERCOSUR Parliament, neorealism directs our attention to state interests and the distribution of power, measured according to relative capabilities. In short, neorealism is a reductionist approach, casting IOs as "simply epiphenomena of state interaction."[8]

Neoliberal Institutionalism

Neoliberal institutionalism shares with neorealism the dual assumptions of state rationality and international anarchy. Neoliberals' interpretation of these concepts, however, permits a less dire account of the potential for cooperation and peace. This is

[6] Ibid.
[7] Kenneth W. Abbott and Duncan Snidal, "Why States Act through Formal International Organizations," *The Journal of Conflict Resolution* 42, no. 1 (1998): 8.
[8] Michael N. Barnett and Martha Finnemore, "The Politics, Power, and Pathologies of International Organizations," *International Organization* 53 no. 4 (1999): 704.

achieved by ascribing to states the characteristics of *homo economicus*, or rational egoism. According to this view, the main objective of states is utility maximization, regardless of its effects on the relative capabilities of potential adversaries. Returning to Grieco's dichotomy, states are thought to be atomistic instead of positional[9] and, contrary to their depiction by neorealists, receptive to cooperative agreements as long as they are at least Pareto-improving. It is for this reason that Andrew Hurrell describes neoliberal institutionalism as a form of "optimistic Hobbesianism – an approach that … sees rationality and rational bargaining as offering, if not an escape from anarchy, self-help and conflict, then at least the potential for mitigation for a degree of cooperation."[10]

Still, states are ultimately self-interested and some mechanism is needed to regulate their observance of agreements. Here, the insights of rational choice and game theory are helpful, since they highlight payoff structures that cause states to prefer successful cheating over mutual cooperation.[11] Cooperation may also be hindered by the number of participants and the shadow of the future (i.e. the prospect of subsequent interaction).[12] As their label suggests, neoliberal institutionalists see international institutions as the solution to these problems. Institutions enable cooperation by facilitating information-sharing and reducing transaction costs, thereby addressing the dilemmas exposed by game theory that would otherwise stymie collective action.[13] Institutions achieve this through formal rules as well as informal principles and norms.

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[9] Grieco, "Anarchy and the limits of cooperation," 487.
[10] Andrew Hurrell, "Power, institutions, and the production of inequality," in *Power in Global Governance*, eds. Michael N. Barnett and Raymond Duvall (Cambridge: Cambridge University Press, 2005), 34-35.
[11] Grieco, "Anarchy and the limits of cooperation," 493.
[12] Robert Axelrod and Robert O. Keohane, "Achieving Cooperation under Anarchy: Strategies and Institutions," *World Politics* 38, no. 1 (1985): 228-238.
[13] Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press, 1984), 85-109.

Together, these institutional bundles form regimes, which facilitate "nonnegotiated adjustment by providing guidelines for actors' behaviour."[14]

This brings us to a second substantive difference between neorealism and neoliberalism institutionalism; namely, the degree to which institutions may be treated as independent variables in explaining international political and economic outcomes. Although empirical challenges make it difficult to determine the precise effect of institutions – rarely, if ever, write Keohane and Martin, "will institutions vary while the 'rest of the world' is held constant"[15] – broad similarities across institutions in terms of form and function coupled with rapidly changing political conditions allow for at least rudimentary estimations of institutional impacts. From a theoretical perspective, institutional rules are assumed to constrain the use of coercion by powerful states, which explains in part the appeal of institutions to weak states. In addition, the proliferation of institutional norms serves to delineate the scope of appropriate state behaviour. Desirable behaviour, such as reciprocity, is promoted and reinforced through the feedback mechanism of absolute gains – stronger cooperation leads to greater benefits, which triggers even stronger cooperation, and so on. The end product is convergence on a set of normative values that undergird a common international system. The presence of institutions thus opens the door to a range of outcomes that might otherwise be impossible under a balance-of-power calculus.

A final point on institutions: although neoliberal institutionalists are convinced of their significance to international affairs, they are hesitant to characterize institutions as autonomous and, in so doing, to stray from the idea that states are the principle actors of

[14] Ibid., 84.
[15] Robert O. Keohane and Lisa L. Martin, "The Promise of Institutionalist Theory," *International Security* 20, no. 1 (1995): 47.

international relations. Institutions, from this perspective, possess no agency of their own. As Abbott and Snidal emphasize, neoliberal institutionalists conceive of institutions as passive constructs that embody norms and rules, clarify expectations and provide "forums in which states can interact more efficiently."[16] Moreover, there is an expectation that states will adjust regimes as necessary to improve the probability and rewards of cooperation. According to Axelrod and Keohane, "states are often dissatisfied with the structure of their own environment. We have seen that governments have often tried to transform the structures within which they operate so as to make it possible for the countries involved to work together productively."[17] Despite their capacity to influence the course of international events, institutions are ultimately creatures of states, and may be altered or eliminated in accordance with changing state preferences.

Economics and Security

Scholars dispute the extent to which neorealism and neoliberal institutionalist present opposing, or mutually exclusive, accounts of international relations. Keohane and Martin, for instance, argue that neoliberal institutionalism subsumes realism by identifying the conditions under which realist assumptions hold true.[18] A more common refrain is for proponents of one approach to accuse the other camp of limiting their attention to a narrow band of state behaviour. Mearsheimer, for example, writes that neoliberal institutionalism is "built on the assumption that international politics can be divided into two realms – security and political economy – and that liberal

[16] Abbott and Snidal, "Why States Act through Formal International Organizations," 7.
[17] Axelrod and Keohane, "Achieving Cooperation under Anarchy: Strategies and Institutions," 253.
[18] Keohane and Martin, "The Promise of Institutionalist Theory," 42.

institutionalism mainly applies to the latter, but not the former."[19] For some scholars – Charles Lipson, perhaps – this distinction may be understandable given the observed institutional differences between economic and security interactions among states.[20] Moreover, the economics-security dichotomy represents a source of potential compatibility between the paradigms, although neither side appears willing to withdraw its claim to full generalizability. Indeed, Keohane and Martin respond to Mearsheimer's assertion by defending neoliberal institutionalism's utility in the security realm, particularly as a tool for comprehending the dynamics of intelligence gathering. The two authors conclude their apology in forceful terms: "if Mearsheimer meant to offer us a 'loophole' through which to escape his criticism … we emphatically refuse to avail ourselves of his generosity."[21]

For the purposes of this paper I similarly reject the notion that neorealism and neoliberal institutionalism purport to explain separate aspects of international relations. Instead, I assume that both theories offer complete explanations for the extent and quality of state participation in international institutions. Neorealists have things to say about economic institutions, as do neoliberal institutionalists about security arrangements. Although both paradigms agree that states are unitary-rational actors and the international system lacks an overarching authority, they provide divergent accounts of state preferences. Moreover, they each support testable predictions about the conditions under which international institutions, including supranational parliaments, ought to emerge and persist.

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[19] Mearsheimer, "The False Promise of International Institutions," 15-16.
[20] Charles Lipson, "International Cooperation in Economic and Security Affairs," *World Politics* 37, no. 1 (1984): 1-23.
[21] Keohane and Martin, "The Promise of Institutionalist Theory," 44.

International Relations Theory and European Integration

My selection of the European Parliament as a case study requires that I address the validity of using IR theory to analyze regional governance in Europe. For some scholars, European integration is a unique process that demands a separate analytical framework. In this section, I defend my use of neorealism and neoliberal institutionalism and, in doing so, illustrate how scholars have adapted these paradigms to the European context. Some of these adjustments, including Andrew Moravcsik's treatment of state preference formation, serve as a major component of my subsequent case study analysis.

Reconciling Integration and Self-Help

There can be little doubt about the particularity of the European Union (EU) as a supranational entity. It represents arguably the most advanced case of regional integration in modern history. Some neo-functionalist scholars have therefore argued that a comprehensive understanding of the EU requires a stand-alone theory that incorporates elements of comparative politics and international relations.[22] In a paper laying out the conceptual challenges of studying European governance, Markus Jachtenfuchs emphasizes that the EU "puts into question theoretical constructions drawn from the ideal-type model of the state … [requiring changes] in the fundamental principles and

[22] Thomas Risse-Kappen, "Exploring the Nature of the Beast: International Relations Theory and Comparative Policy Analysis Meet the European Union," *Journal of Common Market Studies* 34, no. 1 (1996): 56.

concepts of political organisation with which we are familiar."[23] The crucial issue here is whether the *sui generis* character of the EU precludes its analysis through conventional theoretical approaches based on the idea of unitary, rational states.

I am confident for two reasons that rationalist IR theory – which is reflected to some degree in the EU literature by the principle of intergovernmentalism – remains a valid lens for studying the EU and its institutions. The first reason is simply that neorealism and neoliberal institutionalism have already been used for this purpose. Although a full literature review is beyond the scope of this brief section, some mention of the key themes of the relevant scholarship is warranted.[24]

Neorealists explain the state of European integration by looking to the effects of American hegemony and, after the end of the Cold War, the ascendancy of Germany as a major economic power. Waltz, for instance, argues that European cooperation in the aftermath of the Second World War was enabled by the guarantee to national security afforded by American military power, and therefore the perceived futility of competing for relative gains:

> The emergence of the Russian and American superpowers created a situation that permitted wider ranging and more effective cooperation among the states of Western Europe … Living in the superpowers' shadow, Britain, France, Germany, and Italy quickly saw that war among them would be fruitless and soon began to believe it impossible.[25]

[23] Markus Jachtenfuchs, "Theoretical Perspectives on European Governance," *European Law Journal* 1, no. 2 (1995): 130.
[24] Mark A. Pollack, "International Relations Theory and European Integration," *Journal of Common Market Studies* 39, no. 2 (2001): 221-244. Pollack provides a comprehensive literature review of the leading applications of IR theory to European integration, which serves as the basis for my own summary in the following paragraphs.
[25] Waltz, *Theory of International Politics*, 70.

The corollary of this analysis, articulated by Mearsheimer, is that the return to multi-polarity heralded by the collapse of the Soviet Union should have produced instability within the European system.[26] To address why this did not occur, and to explain the subsequent strengthening of the EU through the Maastricht Treaty, Grieco amends neorealism through his "voice opportunity thesis,"[27] which posits that states will try to include in cooperative arrangements an institutional mechanism for ensuring their voice has a substantive impact on decision-making. Voluntary participation in EU institutions can thus be explained as an effort, particularly by small states, to secure a role in swaying European policy. Seth Jones approaches the problem of post-Cold War integration from a different angle, arguing that continued European cooperation should be understood as an attempt to enmesh a resurgent Germany in an "international security institution … to prevent future security competition among European powers."[28] For Jones, the withdrawal of American influence triggered a rebalancing of power among European states, which in turn incentivized stronger cooperation on security issues.

Neoliberal institutionalists, in comparison, tend to focus on the absolute gains realized by European states through continued integration. The leading scholar in this area appears to be Andrew Moravcsik.[29] His theory of liberal intergovernmentalism adopts many of the core tenets of neoliberal institutionalism. Moravcsik assumes that rational, self-interested states are the principal actors of international relations and,

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[26] John J. Mearsheimer, "Back to the Future: Instability in Europe after the Cold War," *International Security* 15, no. 1 (1990): 5-56.
[27] Joseph M. Grieco, "State Interests and Institutional Rule Trajectories: A Neorealist Interpretation of The Maastricht Treaty and European Economic and Monetary Union," in *Realism: Restatements and Renewal*, ed. Benjamin Frankel (London: Frank Cass, 1996): 264.
[28] Seth G. Jones, "The European Union and the Security Dilemma," *Security Studies* 12, no. 3 (2003): 115.
[29] Pollack, "International Relations Theory and European Integration," 225-227.

consequently, European integration as well. "From its inception," he argues, "the EC has been based on interstate bargains between its leading member states. … Even when societal interests are transnational, the principal form of their political expression remains national."[30]

Moravcsik makes an important modification to neoliberal institutionalism, however, by adding a second level of analysis that addresses preference formation. By peering into the 'black box' of the state, Moravcsik imports from classical liberal international relations theory the idea that rational, risk-averse individuals and interest groups compete at both the domestic and supranational levels to influence state preferences.[31] Yet states remain unitary actors, because bargaining between state elites and interest groups on a given foreign policy issue produces a stable preference function.[32] Liberal intergovernmentalism thus portrays international cooperation through a "two-step, sequential model of preference formation … and international bargaining."[33] States aggregate domestic interests into a coherent foreign policy position and then bargain accordingly at the international level in pursuit of cooperative arrangements that reflect those preferences. International institutions are useful in this respect for the reasons cited in the previous section – for example, they reduce transaction costs and facilitate information-sharing – but their authority does not supplant state sovereignty.

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[30] Andrew Moravcsik, "Negotiating the Single European Act: National Interests and Conventional Statecraft in the European Community," *International Organization* 45, no. 1 (1991): 25.
[31] Andrew Moravcsik, "Taking Preferences Seriously: A Liberal Theory of International Politics," *International Organization* 51, no. 1 (1997): 516-517.
[32] Andrew Moravcsik and Frank Schimmelfennig, "Liberal Intergovernmentalism," in *European Integration Theory*, ed. Antje Wiener and Thomas Diez (Oxford: Oxford University Press, 2009), 69-70.
[33] Pollack, "International Relations Theory and European Integration," 225.

In applying liberal intergovernmentalism to the EU, Moravcsik argues that the main cause of European integration was pressure on states from domestic economic interests. States responded to this pressure by negotiating institutional structures that reflected economic priorities rather than security or other concerns. As Moravcsik and Schimmelfenning explain, "the central impetus for post-war European integration arose from the great post-Second World War shift from north-south inter-industry trade and investment … to north-north intra-industry trade and investment."[34] For Moravcsik, this also explains the intensity of negotiations in some policy areas – agriculture, for example – compared to others. There is general agreement, he writes, that in European domestic politics, "the direct power of producers vis-à-vis fiscal or regulatory concerns has been strongest in agriculture, which has won large, nearly universal subsidies in every country," and less strong in industrial trade policy and regulatory policy.[35] Above all, the key point is that the development and expansion of the EU ought to be interpreted as the result of negotiations between rational, utility-maximizing states whose preferences are based on the aggregation of domestic interests.

Moravcsik might dispute my description of his theory as an extension of neoliberal institutionalism. In fact, he explicitly rejects the suggestion that neoliberal institutionalism is a 'liberal' theory, arguing instead that it represents a form of neo-functionalism.[36] Others categorize Moravcsik as a neorealist.[37] These disputes, however, are secondary to the issue at hand and, given the shared starting points of neoliberal liberalism and liberal intergovernmentalism – rationality, state primacy, institutions as

[34] Moravcsik and Schimmelfenning, "Liberal Intergovernmentalism," 69.
[35] Andrew Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messian to Maastricht* (Ithaca: Cornell University Press, 1998), 37.
[36] Moravcsik, "Taking Preferences Seriously," 536.
[37] Pollack, "International Relations Theory and European Integration," 225.

facilitators of cooperation – I assume sufficient compatibility to justify the presentation of Moravcsik's work as an example of the application of rationalist IR theory to European integration.

As noted above, there are two reasons why I believe IR theory is appropriate for the present study. The preceding paragraphs outline the first reason. The second reason is that my focus lies with the transition of the European Parliament from membership by appointment to direct elections, which occurred in the late 1970s. Compared to its current state, Europe at that time was less integrated and its institutions therefore faced different issues with respect to democratic accountability. Even assuming that the authors cited above are incorrect and the EU in its contemporary incarnation *is* a distinct entity that cannot be explained by IR theory, my argument is saved by the simple fact that I am studying the European Parliament at an earlier point in its history, when questions of supranational authority were less pressing than they are today. In fact, as I emphasize below, the limited powers of the European Parliament during that period may help explain why states were open to direct elections at all.

The European Parliament

Having surveyed the relevant theoretical terrain, I turn now to my first case study, the European Parliament, and specifically its transition in the late 1970s from an appointed body to a directly elected one. The following section provides a brief history of the institution, from the inception of its predecessor in 1951 to its change to an elected body in 1979. This section also provides neorealist and neoliberal institutionalist

interpretations of this transition, and argues that the latter approach offers a more persuasive explanation than the former.

Establishment and Transition to Direct Elections: 1951-1979

The precursor to the European Parliament was the Common Assembly of the European Coal and Steel Community (ECSC), founded in 1951 by the Treaty of Paris. Article 21 of the Treaty gave states two options for designating Assembly members: they could appoint to the Assembly members of their respective national parliaments or hold elections on the basis of universal suffrage.[38] All states chose the former over the latter. A paper on this topic commissioned by the European Parliament attributes this consensus to concerns stemming from the potential election of communist and anti-European members, as well as doubts about the extent to which citizens possessed sufficient knowledge of European affairs to choose meaningfully between candidates.[39]

Some diplomatic and political elites, however, were more sanguine about both the feasibility and legitimacy of direct elections. The debate continued through 1952 and 1953 in the Common Assembly's Ad Hoc Assembly on the creation of a European Political Community (EPC). Among other things, the Assembly discussed competing proposals for determining the membership of the Peoples' Chamber that was to be included in the new Community. The Assembly's final recommendation, although rendered moot by the failure of the EPC, resolved the debate in favour of direct elections by universal suffrage, which was seen by many elites as the best way of "involving the

[38] Treaty establishing the European Coal and Steel Community, Paris, 18 April 1951, accessed 3 April 2014, http://www.cvce.eu/content/publication/1997/10/13/11a21305-941e-49d7-a171-ed5be548cd58/publishable_en.pdf.
[39] Franco Piodi, "Towards direct elections to the European Parliament," *CARDOC Journals* no. 4 (2009): 9-13.

masses directly in Europe's organisation … [and providing] the impetus needed for its development and guarantees for new and necessary progress."[40]

This optimism stands in stark contrast to the circumscribed role contemplated for democratic institutions in the governance model advocated by Jean Monnet, one of the founding fathers of European integration. Monnet emphasized the importance of bureaucrats in driving the European project; he believed that the role of institutions such as the Common Assembly would grow incrementally, their time "to take centre stage being long in the future. … [T]echnocrats had to build Europe first, before the politicians and the people could get their hands on it."[41] This vision was reflected to some degree in the limited powers granted to the Common Assembly. Although it possessed a mechanism for holding the High Authority (the predecessor of the European Commission) accountable, its overall position relative to other European institutions was decidedly weak.[42]

The pivot away from political integration signalled by the Messina Conference temporarily dampened calls for direct elections.[43] The Treaties of Rome, which in 1958 created the European Economic Community (EEC) and the European Atomic Energy Community, reconstituted the Common Assembly as the European Parliamentary Assembly and authorized it to serve as the parliamentary institution for all three European communities.[44] The Treaties established that the Assembly, which in 1962

[40] Heinrich von Brentano, quoted in ibid., 12.
[41] Kevin Featherstone, "Jean Monnet and the 'Democratic Deficit' in the European Union," *Journal of Common Market Studies* 32, no. 2 (1994): 160.
[42] Ibid.
[43] Piodi, "Towards direct elections to the European Parliament," 13.
[44] European Parliament, *Building Parliament: 50 Years of European Parliament History* (Luxembourg: Office for Official Publications of the European Communities, 2009), 13, accessed 3 April 2014,

renamed itself the European Parliament (EP), would comprise delegates drawn from the national parliament of each member state. Yet Article 138(3) of the EEC Treaty also required the Assembly to "draw up proposals for elections by direct universal suffrage in accordance with a uniform procedure in all Member States."[45] No timeline was attached to this requirement.

As with the Common Assembly, the role of the EP was intended to grow over time. Its powers thus remained limited, at least initially, to scrutinizing the activities of the European Commission. Moreover, given the economic focus of the initial integration efforts, enhancing the authority of the EP was deemed a secondary concern. According to Amie Kreppel, the EP was perceived as little more "than a multinational chamber of Babel," its few powers making it "in all senses a consultative body."[46]

Yet this did not stop Members of the European Parliament (MEPs) from pressing for direct elections as contemplated by Article 138(3). In 1958, the EP appointed a Working Party to make recommendations regarding an appropriate electoral system.[47] Its final report, submitted in 1960 in the form of a draft Convention, called for a transition period during which one third of MEPs would continue to be appointed, with the remaining members elected through the preferred electoral system of each member state. Thereafter, the EP would legislate a common system for all member states. Perhaps most

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http://www.ab.gov.tr/files/ardb/evt/1_avrupa_birligi/1_1_tarihce/50_years_of_european_parliament_history.pdf.

[45] Treaty establishing the European Economic Community, Rome, 25 March 1957, accessed 3 April 2014, http://www.cvce.eu/obj/treaty_establishing_the_european_economic_community_rome_25_march_1957-en-cca6ba28-0bf3-4ce6-8a76-6b0b3252696e.html. The same provision is present in Article 108 of the Treaty establishing the European Atomic Energy Community.

[46] Amie Kreppel, *The European Parliament and Supranational Party System: A Study in Institutional Development* (Cambridge: Cambridge University Press, 2002), 1.

[47] Piodi, "Towards direct elections to the European Parliament," 15-23.

significantly, the Convention included a provision for tripling the number of seats in order to strengthen the perceived connection between MEPs and their constituents. Despite tentative support from five of the six member states, the recommendations were abandoned in the face of French opposition.

During this period, the legitimacy of the EP – which some believed was conferred indirectly by the election of its members at the national level – was challenged in two ways. The first stemmed from the refusal by governments to appoint anti-European communists as MEPs, despite their substantial presence in the national parliaments of countries such as Italy and France.[48] The second challenge was the limited time available for members to devote to European affairs given their concurrent national responsibilities – the so-called dual mandate. The combined effect was to make the EP seem both distant and unrepresentative, and "therefore the legitimacy of the institution suffered as a result."[49]

The push for direct elections gained renewed momentum in the late 1960s with the resignation of French president Charles de Gaulle and the subsequent election of Georges Pompidou. Compared to de Gaulle, whose government had effectively vetoed the 1960 draft Convention on an elected EP, Pompidou was less hostile to European integration. At the 1969 Hague Summit, Pompidou called for the full enactment of the Treaties of Rome.[50] By implication, this included the unfinished business of Article 138(3) of the EEC Treaty. Pompidou's successor, Valéry Giscard d'Estaing, held a

[48] European Parliament, *Building Parliament*, 35.
[49] Ibid.
[50] Kreppel, *The European Parliament and Supranational Party System*, 65.

similar attitude, and endorsed in December 1974 a statement by the Summit of Heads of State or Government calling for direct elections to take place as soon as possible.[51]

Support for a directly-elected EP also grew in response to several institutional changes that modified the size and authority of the European Community. The 1970 Treaty of Luxembourg, for example, established an independent, or own-resources budget for the Community.[52] The power to raise and spend money brought with it questions of accountability, and the decision was therefore made by states to expand the EP's budgetary role to include control over non-compulsory spending as well as limited authority to increase spending and veto the budget.[53] These powers were further enhanced by the Brussels Treaty in 1975.

The European Community also underwent an expansion during this period, admitting Britain, Denmark and Ireland to its membership in 1973. This process naturally involved discussions about the Community's governance model, and it "fuelled the debate over the nature of democracy within the Union."[54] As well, the arrival of British MEPs had a significant effect on parliamentary procedure, introducing Westminster conventions such as a "formal 'question time' and nonformal whipping procedures within the party groups."[55]

The expansion was followed immediately by a series of events that cast doubt on the future of the European project, including the decision by Britain to renegotiate its

[51] European Parliament, *Building Parliament*, 36.
[52] Kreppel, *The European Parliament and Supranational Party System*, 66.
[53] Mark A. Pollack, "Member-State Principals, Supranational Agents, and the EU Budgetary Process, 1970-2008," Paper presented at the Conference on *Public Finances in the European Union*, Brussels, 3-4 April 2008, 10-14, accessed 5 April 2014, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1119108.
[54] European Parliament, *Building Parliament*, 36.
[55] Kreppel, *The European Parliament and Supranational Party System*, 68.

membership in 1974 and, later, an economic crisis in France.[56] This period of Eurosclerosis, characterized by pessimism about the value of European institutions, was compounded by the failure of repeated efforts to enact reform.[57] There was a sense that the Community was too bureaucratic, and that its use of qualified majority voting had "diluted the accountability of governments towards their national parliaments."[58] Monnet's vision of a technocratic Europe had produced an institutional structure that was seen as increasingly powerful yet, at the same time, insulated from democratic accountability.

It was in this environment that the first direct elections to the EP were held in 1979. The result of a compromise among member states in 1974, the elections were conducted in accordance with a procedure developed by the EP and the Council of Ministers between 1975 and 1977.[59] Each member state was free to choose the electoral system it would use to elect its delegation. The dual mandate was retained – MEPs could continue to serve as national parliamentarians – but it was no longer compulsory. Importantly, the number of MEPs was increased to 410. Seats were distributed to Netherlands, Belgium, Denmark and Ireland in proportion to their population. Proportionality was ignored for Luxembourg, due to its small size, and for Britain, France, Germany and Italy – each of which received 81 seats – on account of their "equal political dignity."[60] The final decision on the number of seats was made by the Council of

[56] Ibid., 68-70.
[57] Andrew Moravcsik, "Negotiating the Single European Act: national interests and conventional statecraft in the European Community," *International Organization* 45, no. 1 (1991): 19.
[58] European Parliament, *Building Parliament*, 35-36.
[59] Piodi, "Towards direct elections to the European Parliament," 34-39.
[60] Ibid., 37.

Ministers, which rejected a proposal by the EP for seats to be distributed solely on the basis of population.

In concluding this section, it is worth reiterating that the transition to direct elections was a long and, at times, contentious process. Despite the provision for direct elections in both the Treaty of Paris and the Treaties of Rome, it took nearly 30 years for European states to relinquish control over the appointment of MEPs. In addition, the period preceding the first election in 1979 was characterized by the simultaneous expansion of the European Community's powers – including its acquisition of an own-resources budget and the corresponding widening of the EP's capacity to hold the Commission to account – and growing doubts about the Community's legitimacy, accountability and efficacy. Parsing the decision to adopt an elected EP from a rational perspective requires acknowledging the various, and perhaps conflicting, effects these factors had on state preferences and capabilities.

A Neorealist Interpretation

On the face of it, the decision by European states to agree to a directly-elected, supranational parliament contradicts the fundamental tenets of neorealism. As noted above, neorealists view IOs as instruments of state power, their existence tied to their capacity to reflect the interests of dominant states. Mearsheimer articulates this point in concise terms, emphasizing that the most powerful states "create and shape institutions so that they can maintain their share of world power, or even increase it."[61] Moreover, given the ever-present threats to state survival posed by the anarchical international system, a

[61] Mearsheimer, "The False Promise of International Institutions," 13.

basic neorealist prediction is that states will reject institutional arrangements that constrain their power or otherwise diminish their capabilities relative to other states.

Yet the switch to direct elections represented, in effect, the establishment of the EP as a fully autonomous IO, divorced from state control. Although states retain on paper the power to dissolve the EP, doing so would require a unanimous revision of various treaties.[62] Pollack describes the relationship between the EP and member states in terms of principal-agent theory, arguing that compared to other European institutions, the Parliament enjoys a greater degree of freedom because its members are not beholden to state governments.[63] States may replace members of the Commission, for example, but they have no such power over democratically-elected MEPs. It would be premature, however, to conclude that neorealism offers no explanatory utility in this case. Indeed, as I outline in the following paragraphs, a careful application of neorealist theory helps account for several crucial developments in the transition to direct elections.

A first-order neorealist analysis draws our attention to the numerous occasions on which states deployed coercive power in pursuit of their interests. Consider, for example, efforts by the EP to expand the scope of its authority, including its 1960 draft Convention on direct elections. France's insistence on blocking these efforts aligns with broader efforts by the de Gaulle regime to resist integration given its predicted detrimental effects on French geostrategic and economic capabilities, which is consistent with neorealist predictions.[64] Similarly, the expanded budgetary powers granted to the EP in the early 1970s – a decision made feasible only after the own-resource system was deemed

[62] Pollack, "Member-State Principals, Supranational Agents, and the EU Budgetary Process, 1970-2008," 7.
[63] Ibid.
[64] Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messian to Maastricht*, 178-205.

acceptable to French interests – reflected the desire by states to enhance the European Community's accountability without undermining member state sovereignty.[65] As Pollack puts it,

> the EU's member governments sought to incorporate a role for the European Parliament in the budgetary process for reasons of democratic legitimacy; yet they also anticipated the likely negative consequences of such delegation, and designed a system that would limit agency costs and protect their core interests (the own resources revenue system, overall expenditures, and the CAP) from Parliamentary interference.[66]

Given its limited power (as of the late 1970s), it is perhaps unsurprising that states would be willing to relinquish control over the EP. As Juliet Lodge explains, in the run-up to the first elections, candidates and past MEPs "had argued that an accretion of the European Parliament's powers was neither the logical nor necessary outcome of direct elections. … [This] argument was designed to prevent governments from reneging on their commitment to hold elections at all."[67] Yet for neorealists, the epiphenomenal character of international institutions means states will only cooperate if they have a good reason for doing so. Put differently, it is insufficient to argue that institutional frailty was the cause for state participation in an IO, since inaction (i.e. refusing to participate) would presumably have the same effect.

A more sophisticated neorealist analysis thus invites a consideration of how the direct election of MEPs may have affected the relative power of member states. Here, Grieco's voice opportunity thesis may be helpful. Recall that this argument predicts that

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[65] Pollack, "Member-State Principals, Supranational Agents, and the EU Budgetary Process, 1970-2008," 13.
[66] Ibid.
[67] Juliet Lodge, "The European Parliament and the Authority-Democracy Crisis," *The ANNALS of the American Academy of Political and Social Science* 531 (1994): 70.

weak states will try to ensure that the rules of a proposed joint arrangement will "provide sufficient opportunities for them to voice their concerns and interests and thereby prevent or at least ameliorate their domination by stronger partners."[68] In some ways, the transition to direct elections represents a successful example of this sort of balancing. By removing powerful states' ability to select MEPs, weak European states were able to reduce the extent to which the EP could be used to advance British, French, German or Italian interests. Their own loss of power was inconsequential, given that they had little control over the EP anyway. Thus, weak states were willing to accept a small diminishment of their influence in exchange for a much larger reduction in the relative capabilities of the four major European powers. Or, in the language of Grieco's thesis, the net effect of the rule change was to increase the voice opportunities for weak states at the expense of strong states.

Of course, in light of this argument, the more pressing challenge for neorealists is to explain why Britain, France, Germany and Italy acquiesced to direct elections at all. A possible means for evading this dilemma is to consider the broader geopolitical context. Indeed, the transition to an elected EP was likely a peripheral concern for most European governments. Neorealists, certainly, would argue that of greater concern were strategic issues related to the balance of power in Europe and, more broadly, the Cold War. This brings us back to Waltz's depiction of European integration as the product of American and Soviet hegemony.[69] It may be that a directly-elected EP was viewed by the leading European states as a necessary step in strengthening the Community as a counter-balance to foreign influence over European affairs. Alternatively, given that their security was

[68] Joseph M. Grieco, "The Maastricht Treaty, Economic and Monetary Union and the Neo-Realist Research Programme," *Review of International Studies* 21, no. 1 (1995): 34.
[69] Waltz, *Theory of International Politics*, 70.

guaranteed by the US, European states may have been willing to accept a minor loss of relative power in one institution in order to make possible the "upgrading of the common interest" envisioned as a result of enhanced integration.[70]

On the whole, however, these justifications are unconvincing, since they require that neorealist assumptions be diluted with concepts borrowed from neoliberal institutionalism – including, for example, an optimistic take on the prospects for cooperation. Although neorealism is useful for explaining initial French reluctance towards direct elections, as well as for explaining the opposite orientation among weak states, it offers an unsatisfying account of the behaviour of powerful states towards the EP in the 1970s. Without some departure from its fundamental assumptions – that states are ultimately concerned with relative gains and therefore will oppose cooperative arrangements that constrain their power – neorealism offers an incomplete understanding of the European Parliament.

A Neoliberal Institutionalist Interpretation

Neoliberal institutionalism, in comparison, provides a deeper and more nuanced explanation of the direct elections question. It does so by highlighting three concepts missed by neorealism: absolute gains, norms and preference formation. As noted above, the first concept, absolute gains, implies that states will pursue cooperation in all cases where it is Pareto-improving, regardless of its effects on the distribution of relative capabilities. Institutions help states realize absolute gains by overcoming collective action problems. "Above all," write Moravcsik and Schimmelfennig, "institutions help states reach a collectively superior outcome by reducing the transaction costs of further

[70] Ibid.

international negotiations on specific issues and by providing the necessary information to reduce states' uncertainty about each other's future preferences and behaviour."[71] The EU, taken as a whole, serves this function for European states, facilitating integration and thereby the production of mutually-beneficial outcomes.

Yet, as indicated above, by the mid-1970s the institutions of the European Community had, for various reasons, become incapable of efficiently tackling the major stumbling blocks hindering continued integration. One problem was the unwillingness of states to delegate to European institutions authority over issues deemed vital to their national interest. As Kreppel emphasizes, it "became clear that the Community could not continue to develop and expand with the effective unanimity restriction created by the Luxembourg Compromise and the extreme imbalance of power between the institutions in favor of the Council."[72] For some, the transition to direct elections was seen as one part of a larger solution for jolting Europe out of its institutional malaise.[73] In more general terms – and to borrow once again from Axelrod and Keohane – the elections can be understood as an example of states trying to adapt the terms of a cooperative agreement in order to work together more effectively.[74]

Intricately connected to this process were normative ideas around the nature of democratic governance. As emphasized above, much of the literature on the EP suggests that the proponents of direct elections were motivated by a desire to improve the accountability and responsiveness of the European Community. The significance of

[71] Moravcsik and Schimmelfenning, "Liberal Intergovernmentalism," 72.
[72] Kreppel, *The European Parliament and Supranational Party System*, 70.
[73] European Parliament, *Building Parliament*, 35-36. According to the author of this report, the problem was not fully resolved until 1987, when the Single European Act was passed.
[74] Axelrod and Keohane, "Achieving Cooperation under Anarchy: Strategies and Institutions," 253.

norms for understanding state behaviour is highlighted by the regime theory branch of neoliberal institutionalism. To recap, regimes provide templates for state behaviour by promoting the adoption of shared norms and principles. Democracy represents this sort of principle, and it has become an expected component of contemporary governance models. Its absence within the European Community – the so-called 'democratic deficit' – was widely acknowledged by the late 1970s, which in turn "fuelled demands for the election of the EP by direct universal suffrage."[75] From this perspective, states sought to incorporate democratic mechanisms into the Community because they were deemed necessary for its legitimacy.

The effect of norms, however, is tempered by the rational, self-interested calculations of states. Where a norm conflicts with a crucial state interest – self-defence, say – neoliberal institutionalism would surely predict a state to act in accordance with the latter rather than the former. Thus, in this case, neoliberal institutionalism confronts a similar problem to neorealism: what explains the decision by states to relinquish control over an organization that has the capacity to constrain their behaviour? Beyond the potential for absolute gains, the answer may lie in the manner in which states interact with domestic interest groups, which is the focus of Moravcsik's theory of state preference formation. As Moravcsik argues, to the degree that European decision-making is seen as legitimate, member states can reduce opposition to their domestic policies by tying them to European initiatives.[76] In light of this ongoing, two-level game, the decision to transition to direct elections may be interpreted as a calculated effort to bolster the legitimacy of the EP, and of the broader European Community. Here, the normative goal

[75] European Parliament, *Building Parliament*, 36.
[76] Andrew Moravcsik, "Preferences and Power in the European Community, A Liberal Intergovernmentalist Approach," *Journal of Common Market Studies* 31, no. 4 (1993): 515.

of democratic accountability aligns with the rational self-interest of member states. At the same time, this may also explain the decision to limit the expansion of the EP's budgetary powers to largely secondary matters, such as control over non-compulsory spending. For states, the objective is to achieve a semblance of democratic legitimacy without handing over too much substantive power. Indeed, as Moravcsik notes, the Community's democratic deficit may, ironically, "be a fundamental source of its success."[77]

Neoliberal institutionalism thus enables a comprehensive understanding of the dynamics that contributed to the adoption of direct elections to the EP. Starting from the same assumptions as neorealism, neoliberal institutionalism points to an explanation that includes both state preferences and norms. A key issue, however, is whether the European case is generalizable to other supranational parliaments. It is to this question that I now turn.

The MERCOSUR Parliament

In the following section I present an analysis of the MERCOSUR Parliament – which is currently undergoing its own transition from appointed to elected membership – in order to test the broader utility of the neoliberal institutionalist approach. First, however, I provide a brief history of the founding of MERCOSUR and the introduction of its Parliament in 2005.

Partial Adoption of Direct Elections: 2005-Present

MERCOSUR (Mercado Común del Sur, or the Southern Common Market) was created in 1991 when trade agreements between Brazil and Argentina were expanded to

[77] Ibid.

include Paraguay and Uruguay.[78] Venezuela joined in 2012. Although it presently functions as a customs union, it was intended by its founders to evolve into a full common market. Despite initial progress – it was at one time considered second only to the EU "in terms of depth of the integration process"[79] – many commentators believe MERCOSUR has stalled, with further integration looking increasingly implausible.[80]

The integration that has occurred among MERCOSUR members has done so within a bare institutional framework; MERCOSUR lacks equivalents to the European Commission or the European Court of Justice, and in general it operates with minimal central coordination. Andrés Malamud describes MERCOSUR as primarily an intergovernmental phenomenon, ruled exclusively by "bodies made up of representatives of the member governments."[81] Malamud also suggests that the major developments achieved by MERCOSUR – its founding, the Protocol of Brasília, the Protocol of Ouro Preto – were due to a unique form of presidential diplomacy, enabled by the "high degree of concentration of power in the hands of the chief executive" in Latin American states.[82]

The MERCOSUR Parliament (Parlasur) was established in 2005 and sat for the first time in 2007. Building on Malamud's thesis of presidential diplomacy, Clarissa Dri attributes its founding to the election in the early 2000s of a number of left-wing governments who wished to focus on the social and political dimensions of the

[78] Andrés Malamud, "Presidential Diplomacy and the Institutional Underpinnings of MERCOSUR: An Empirical Examination," *Latin American Research Review* 40, no. 1 (2005): 141.
[79] Karl Kaltenthaler and Frank O. Mora, "Explaining Latin American Economic Integration: The Case of Mercosur," *Review of International Political Economy* 9, no. 1 (2002): 73.
[80] Andrés Malamud and Clarissa Dri, "Spillover Effects and Supranational Parliaments: The Case of Mercosur," *Journal of Iberian and Latin American Research* 19, no. 2 (2013): 224.
[81] Malamud, "Presidential Diplomacy and the Institutional Underpinnings of MERCOSUR," 141.
[82] Ibid., 142.

integration project.[83] Given the absence of other MERCOSUR institutions, Malamud and Dri emphasize that Parlasur "stands as the top *community* institution" and, they predict, "the most likely to further integration from within."[84]

The protocol establishing Parlasur requires that its members (MPs) are to be elected by universal suffrage according to the electoral laws of each member state.[85] To date, only one state, Paraguay, has implemented the necessary domestic legislation to directly elect its delegation.[86] In Argentina and Brazil, bills to implement direct elections have not proceeded beyond preliminary debate, and the Uruguayan and Venezuelan parliaments have not yet considered the matter. The MPs for these countries are appointed by their national parliaments. The number of MPs was initially a point of contention, and Malamud and Dri argue that Paraguay's decision to hold direct elections in 2008 was aimed at undermining an Argentinian and Brazilian plan to increase their respective Parlasur delegations.[87] A compromise reached in 2010 introduced a "formula of attenuated proportionality," under which Brazil now holds the most seats but "can be outnumbered by any three other countries together."[88]

Parlasur serves a purely consultative role within MERCOSUR.[89] It may publish opinions and reports, as well as present draft legislation for consideration by the Common

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[83] Clarissa F. Dri, "Limits of the Institutional Mimesis of the European Union: The Case of the Mercosur Parliament," *Latin American Policy* 1, No. 1 (2010): 52-74.
[84] Malamud and Dri, "Spillover Effects and Supranational Parliaments," 224.
[85] Protocolo Constitutivo del Parlamento del MERCOSUR, Montevideo, 9 December 2005, accessed 6 April 2014, http://www.mercosur.int/innovaportal/file/1104/1/2005_protocoloparlamentomcs_es.pdf. The Spanish text reads, "El Parlamento estará integrado por representantes electos por sufragio universal, directo y secreto, de acuerdo con la legislación interna de cada Estado Parte y las disposiciones del presente Protocolo."
[86] Malamud and Dri, "Spillover Effects and Supranational Parliaments," 229.
[87] Ibid., 232.
[88] Ibid.
[89] Ibid., 231.

Market Council (the equivalent of the EU's Council of Ministers) or national parliaments. Aside from receiving an annual report on its management by the Secretariat, Parlasur has no involvement or authority over MERCOSUR's budget.

Overall, then, Parlasur shares much in common with the Common Assembly and the EP of the 1950s and 1960s. It possesses few formal powers and, notwithstanding the Paraguayan elections, remains largely an appointed body. In general, member states have placed a low priority on investing Parlasur with the functions contemplated for it by the 2005 Protocol. Malamud and Dri thus emphasize that the "toothlessness of the Parliament" can be blamed on the "recurrent postponement of the implementation of the Constitutive Protocol,"[90] while Gian Luca Gardini argues that Parlasur has "none of the competences characterising a parliament; it has no power of control and its capacity to legislate is currently non-existent."[91]

Applying a Rationalist Analysis

The analysis in the preceding section highlights several factors that explain the decision by European states to select MEPs by direct election. Neorealism invites a consideration of factors related to state power and relative capabilities. To some degree, a neorealist explanation is helpful in the MERCOSUR case, since it underscores the reluctance by member states to invest supranational institutions with the power to make binding decisions. In his analysis of the effect of presidential diplomacy on the growth of MERCOSUR, Malamud suggests that the prevailing intergovernmental logic of South American integration is in part the product of reluctance by presidents to "build up

[90] Ibid., 233.
[91] Gian Luca Gardini, "MERCOSUR: What You See Is Not (Always) What You Get," *European Law Journal* 17, no. 5 (2011): 683.

regional institutions or to relinquish their competences to the regional institutions that did not exist."[92] Grieco's voice opportunity thesis is similarly helpful here, since it illustrates why small member states would sign on to an elected parliament and, moreover, why Paraguay would try to block an attempt to reduce the relative size of its delegation. This second point is problematic, however, since it assumes that Paraguay's MPs hold the same views as its appointed MPs.

In any case, as with the EP, a more persuasive explanation for the current state of Parlasur is arguably provided by neoliberal institutionalism. The variables identified by neoliberal institutionalism in the EP analysis – the possibility of absolute gains from further integration, democratic norms and domestic interest groups – are not present in the MERCOSUR case. The neoliberal institutionalist argument holds, in other words, because it predicts – correctly, in this case – that a directly-elected supranational parliament will emerge only where these three factors are present.

The first factor, absolute gains, speaks to the benefits of continued integration. Recall from above that a crucial step in the development of the EP was its assumption of greater budgetary powers as a result of the Luxembourg and Brussels treaties. These developments, in turn, were tied to the implementation of the own-resources budget system and efforts by member states to reach a permanent financial settlement on the Common Agricultural Policy.[93] These important economic developments, which followed years of negotiations, heralded an important step forward for European integration. The empowerment of the EP occurred in the wake of these events, which

[92] Malamud, "Presidential Diplomacy and the Institutional Underpinnings of MERCOSUR," 159.
[93] Berthold Rittberger, "Removing conceptual blinders: Under what conditions does the 'democratic deficit' affect institutional design decisions?" *Constitutionalism Web-Papers*, ConWEB, no. 5 (2003): 15, accessed 6 April 2014, https://www.wiso.uni-hamburg.de/fileadmin/sowi/politik/governance/ConWeb_Papers/conweb5-2003.pdf.

demonstrated to states the potential for achieving mutually-beneficial cooperative arrangements by working through the broader European Community framework. Although a period of malaise, or Eurosclerosis, had set in prior to the elections, it was not considered a mortal threat to the Community. Instead, the previous benefits of integration incentivized members to improve the efficiency of the European Community, rather than to scrap it altogether.

MERCOSUR, by comparison, has been less successful in facilitating these sorts of arrangements. Malamud's analysis of three cases of economic cooperation among its members reveals that past progress was usually achieved by the four presidents, who circumvented MERCOSUR institutions and negotiated directly with one another. As he emphasizes, due to their "institutional capabilities and the historical pre-eminence of the presidency, the presidents were targeted as the only possible suppliers of decisions, enforcement, and dispute resolution."[94] It is understandable therefore that member states would be hesitant to strengthen an institutional framework whose benefits remain unclear.

The second factor, democratic norms, is also absent from the MERCOSUR case. This is not to say that Latin American societies are undemocratic, but rather that the norm that supranational institutions ought to include accountability mechanisms is less well-established. The former president of Uruguay, for example, has called for his country to withdraw from Parlasur because there is no need for democratic oversight of an economic and trade institution.[95] Moreover, the specific form of democracy reflected in Parlasur – parliamentary democracy – is uncommon in Latin America. Olivier Dabène, a French

[94] Malamud, "Presidential Diplomacy and the Institutional Underpinnings of MERCOSUR," 148.
[95] *El Pais*, "Lacalle pronosticó muerte del Parlasur," 14 November 2009, accessed 6 April 2014, http://historico.elpais.com.uy/091114/ultmo-454339/ultimomomento/lacalle-pronostico-muerte-del-parlasur/.

scholar, predicted in 2004 that "the lack of parliamentary tradition in the region and the deep discredit affecting the political classes makes one doubt … the legitimating potential of a Parliament."[96] Any remaining concerns regarding a democratic deficit within MERCOSUR are likely neutralized by its limited supranational authority. Put simply, there is no reason to implement checks and balances within a institution that has no power to make binding decisions.

The third factor relates to Moravcsik's argument about state preference formation and two-level games. There is little evidence of demands from Latin American civil society for greater democracy within MERCOSUR. To the contrary, one of the goals of Parlasur is to foster a more active and pluralistic civil society in member states by encouraging citizen participation in decision-making.[97] A related issue is the aforementioned institutional strength of the presidency in all five member states. The president, writes Malamud, has "decisional autonomy from the assembly and the cabinet, legislative initiative, decree power, and veto power."[98] The two-level games played out in European states between governments and organized interest groups are less common – or, perhaps more specifically, they follow a different logic – in MERCOSUR states, and therefore these states have little incentive to use the institution to legitimate domestic policies.

Given these factors, it is unsurprising that the transition to a fully-elected MERCOSUR Parliament has lagged. Until member states see MERCOSUR as a vehicle

[96] Olivier Dabène, quoted in Karina L. Pasquariello Mariano, "The Parliamentary Dimension of MERCOSUR," Paper presented at the Joint IPSA-ECPR Conference, São Paulo, 16-19 February 2011, 3, accessed 6 April 2014, http://paperroom.ipsa.org/papers/paper_26303.pdf.
[97] Andrés Malamud and Pablo Castro, "Are Regional Blocs Leading from Nation States to Global Governance? A Skeptical View from Latin America," *Iberoamericana, Nordic Journal of Latin American and Caribbean Studies* 37, no. 1 (2007): 119.
[98] Malamud, "Presidential Diplomacy and the Institutional Underpinnings of MERCOSUR," 142.

for utility maximization with respect to foreign policy objectives *and* experience greater demands for democratic governance at the supranational level, we can expect to see Parlasur remain a primarily unelected institution. Yet even if all member states do transition to direct elections, Parlasur will continue to serve a peripheral function as a consultative body – at least, as neoliberal institutionalism suggests, until states believe that enhancing its role will improve the extent to which MERCOSUR is able to facilitate beneficial arrangements between its members.

Conclusion

In this paper I have argued that neoliberal institutionalism explains more effectively than neorealism why states choose to invest power and autonomy in supranational parliaments. Although neorealism, and particularly Joseph Grieco's voice opportunity thesis, helps explain the behaviour of weak states in the context of supranational parliaments, on the whole it provides a less compelling and comprehensive account than neoliberal institutionalism. I have also argued that the factors contributing to the transition to direct elections in the European Community are not present in MERCOSUR. According to the variant of neoliberal institutionalism I have presented here, which incorporates Andrew Moravcsik's theory of state preference formation, Parlasur will remain a peripheral institution until members states perceive that its empowerment aligns with their self-interest.

A key objective of this paper has been to demonstrate the feasibility of reconciling rationalist theories of international relations with the existence of supranational parliaments. By design, these institutions are imbued with a significant

degree of autonomy and, in the case of the EP, power. Yet by examining how they provide both material benefits and normative legitimacy, it becomes possible to understand why rational, self-interested states would support their creation and abide by their decisions.

I have omitted from this paper any attempt to explain the behaviour of supranational parliaments. This is primarily because the theories I have used share statist ontology. They assume that international outcomes can be explained by examining state behaviour; the preferences and capabilities of IOs – insofar as they can be separated from those of states – are secondary issues for these approaches. As Barnett and Finnemore emphasize, neorealism and neoliberal institutionalism "provide no basis for asserting independent utility functions for IOs. These are theories about states."[99] In closing, however, I would suggest that a study of supranational parliamentary behaviour using concepts from economics or organizational theory – such as Nielsen and Tierney's application of principal-agent modelling to the World Bank[100] – would serve as a useful complement to the ideas presented here. Doing so may shed light on a number of questions, including for example why the EP vetoed three budgets during the five years following the implementation of direct elections.[101] Indeed, some combination of statist and organizational theories may permit a stronger understanding of supranational parliaments, both with respect to their origins and their behaviour moving forward.

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[99] Barnett and Finnemore, "The Politics, Power, and Pathologies of International Organizations," 706.
[100] Daniel L. Nielson and Michael J. Tierney, "Delegation to International Organizations: Agency Theory and World Bank Environmental Reform," *International Organization* 57, no. 2 (2003): 241-276.
[101] Pollack, "Member-State Principals, Supranational Agents, and the EU Budgetary Process, 1970-2008," 15, note 18.

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