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*Compte-rendu réalisé par Malgorzata Radomska*

**Présentation de Katrin Auel :**

## **“Agency Theory, Delegation and Parliamentary Oversight: Explaining Legislative Behavior in EU Affairs”**

Katrin Auel was presenting a paper being a part of a theoretical framework of a book she has been currently working on. At this stage it was not possible to present it with a proper test of hypothesis because of lack of empirical testing.

**Katrin Auel:** The role of national parliaments in US generated literature of the last ten years, started out with very informative, in the end very descriptive studies of the institutional adaptation of national parliaments, to the challenges that European integration posed to them. Nowadays there are some more theoretical and comparative studies available, including variation in the institutional adaptation on parliaments. Generally they are two problems:

1. Literature focuses on the formal institutional adaptation, formal right of influence, which is based on the assumption that institutional capability is equal to parliamentary behavior. Looking to at the empirical literature we get to know that parliament may very little use institutional right of influence. So, that they can do is not the same as they do in practice.

2. This literature which looks at variation at parliament how and why they use their strategies, it does not take into account that national parliaments have found other means to get involved in EU affairs. Little is given to the parliamentary behavior that seems counter-productive from a rational point of view, such as costly, because time consuming, activities in EU affairs that take place behind closed doors and will thus have few direct electoral benefits for the MPs involved.

Moreover, although the mentioned literature does explain the reasons for the development of such alternative strategies, it fails to provide a more general explanation, why the general the observed parliamentary behavior varies. It only summarizes with the answer if they use the strategies or not. They completely ignore that these parliament which do not use they, they found other ways of getting involved into EU politics. Sometimes parliaments simply do not want to use them.

The main aim of the presentation was an attempt to give an answer to the following question: how to explain variations in parliamentary behavior in EU affairs based on agency theory and the principal-agent model? To mention, the given paper is based on the strategy of methodological individualism, I am trying to explain individual patterns of behaviors of party groups, particularly majority groups, governing party groups, which I try to explain while looking at individual strategic behavior.

The principal – agent model has been used by Muller *at all* on delegations in parliamentary systems. They modeled this relationship as a chain (description of the figure 1 of the paper), between from voters to elected representatives, from legislators to the chief executive (the prime minister) and his or her cabinet, from the cabinet and the chief executive to the “line ministers”, that head the different executive departments, and from cabinet members, in their capacity as heads of

different executive departments to civil servants within their agencies. Much of the rational choice literature has been developed while looking at the US Congress, focusing only on the first part on the chain. Existing models of legislation behavior focused mainly how MPs can be re-elected. What kind of strategies do they develop to get re-elected? In parliamentary democracy, representatives are not only the agents; they are also the principles of the governments.

R. Merton developed a concept of MPs as a role set (multiple roles), which can be explained if we look at role set of the MPs, they are at the same time agents of their parties which have put them forward in the elections, they are agents of the electors – that have voted for them and principles of the government. All these come from different preferences. General problem of delegation is that principle cannot be sure that the agent will fulfill the task in a way that the principle wanted – it comes with agency loss. This is a question of trust and a dilemma is being creating. At the same time, the agent wanted to be assigned for the task. So it needs to give signals to the principle that he is trustful in case of party-loyalty. Principles – controlling the government and trying to avoid agency loss are the main aim for the principles. There is a hierarchical order in the preferences among which getting nominated and elected the main, basic rule in the hierarchy. The working hypothesis of the paper is that MP needs to choose strategies allowing them to act simultaneously. In order to do this, they use strategies to minimize agency loss:

- Screening, selection of agents – who is the base agent for the job
- contract design – formal security procedures
- Oversight/monitoring, reporting requirements

The question now is how do they control the government? What do they do? There are the following strategies of oversight in EU affaires:

- Monitoring government representatives - extremely difficult task
- Reporting requirements for government on negotiations ex ante/ex post Council meeting
- Sanctions: few ex ante veto/mandating right (like in DK), try to influence every time to influence decision taking: right to issue legality resolution (other NP), no real ex post, oversight of sanctions (hearings, debates – parliamentary instruments), non-legally binding opinion,
- Agency loss depends on political power – the main instruments: resolution mandating, but there are also other instruments oversight of sanctions (hearings, debates). This is what parliaments can do.

The main question then is so why they don't use all these dimensions? One of the reasons mentioned in the literature is the salience of EU affaires. It needs to be thought through if it is worth going into the policy area, looking at the potential costs and benefits which can be received. Why invest resources if it would not pay off, if it does not help them to be re-elected? At some point it is convincing. But this argument should be treated into two ways. One of them is if one only looks at the salience EU issues for the public, if it only looks at the electoral salience. That completely ignores issues might be important for MPs as they have policy preferences, disrespected if they are electoral salience or not. Parliaments spend hours and hours behind the closed doors to scrutinize

the European parliament when no voter is looking in. There is no electoral benefit there. They do it, just because they want to control the government.

Secondly it tells us about the level of involvement but it does not tell us how/the way the MPs get involved. Two additional factors need to be added here. I would argue if it is a rational choice getting involved in a kind of strategies and this use. It a rational choice that depends on cost – benefits balance. MPs would get involve if the potential benefits are greater that my costs to get involved. There are two types of costs involved. One of them is straightforward: getting involved into EU affairs costs – the time and opportunity costs and the biggest problem: getting information. In order to make a informed decision one needs to have information not only on policy issues but also possibly the negotiations positions of the other governments involved etc. Getting this information is extremely costly. Where parliaments can expect to have some impact on their government negotiation positions, to reduce agency loss, it will be rational for them to invest their sources to obtain this info. Where they know that the resolutions taken will have no impact at all on them, it is not rational to use them. But at the same time, even if it is not rational to use one instrument, it does not mean that they do not use others. They use others that are simply less costly.

Agents want to get re-elected and want to be re-nominated by the parties, so they need very smartly to choose strategies as agents, on the party and electors prospects. They will choose their strategies in advance. One of the main questions here is if they use instrument of parliament oversight in public or not. What are the benefits if they do go in public? For the principal it is beneficial as it increases potential reduction of agency loss.

Agent of voters: beneficial, electorate needs to see agents do their job. It can be also detrimental as an agent of the party as trustworthiness depends on loyalty to party. Public oversight undermines of party leaders, criticizing in public may also hurt electoral prospects of the party.

MPs need to consider who more important principal is for them, the electors or the party. This is usually explained with the electoral system and the emphasis on the personal votes. In US it is for example far more important, than in Europe. Party principal it general more important for the organization.

### **Discussant: Florence Haegel (CEE)**

I am not specialist in the subject European institutions but I have the pleasure to be the discussant today. I have gained lots of information form your lecture. Firstly, I will summarize what I have understood form you presentation, giving afterwards some internal and external critics to improve your paper and I also have some question.

[Summary of the presentation by the discussant]

#### **Questions of the discussant:**

1. Is the literature on the principle agents the best literature to analyze the role of parliaments in European affairs?
2. Is the grid of your analysis the best to understand your main point of argument to understand your results?
3. What is your dependent variable? Is it the power of the parliament or the rage of strategies used by the individuals in the parliaments?
4. Which role do you attribute to individual representatives in the parliaments?
5. It is not clear how you combine institutional analysis with the analysis of individual behavior of the parliaments.
6. There has been a change in the control that has become public. It would be interesting for your argument to look at the reason why the control of the parliament that used to be closed has now become public.

#### **Answers of Katrin Auel:**

Your questions are very helpful. I do not want to go into the old debate of rational choice or not. I am new to it and this is my new rational choice framework. Just to tell why I am been using it.

One reason is that I have been unsatisfied with the existing explanation of the variation behavior that I have observed in my research. I could actually explain why they develop alternative strategies to the formal instruments, but I could not explain why it varied over time. So there was a general interest in trying to explain that. The other perspective where I have been coming from is that reading all this principle agent literature, I was dissatisfied with it, as it was not well adapted to parliamentary system because it did not tell us something. The aim is to find a theoretical model that I can use to explain the behaviors and test them; empirically across I hope as many as all 27 countries. At the same time to further develop the rational choice literature, on legislation behavior, as there is a big gap in the literature. Do I think that the existing model is still applicable in European affairs? My argument is that EU is often called just another link in the chain, which is not quite true, because in many cases it is not mainly the delegations which are applications of parliamentary functions. I also argue that there is one area where parliaments can have a clear role in the EU affairs – it is the chain from voters to representatives to the relevant minister and the Council. They do not have the same functions. They lose the right to make the final decision. That still means that ministers negotiating at the Council are still responsible to national parliaments and that is the only opportunity they have. So, I think it does actually apply. There are indeed, three different options regarding to the strategies. The one focuses on influence or accountability. The second one is used to the linked accountability before or after the negotiations and the third one is public or not.

The dependent variable is the exact strategies set, the strategy choice that I want to explain. The force of parliament/institutional power is one of the independent variables. I have not gone into it as much as well as in the institutionalism part of rational choice perspective in my presentation. The power of parliaments will have an impact of their strategies choice. Parliaments that have a strong mandating power should at least expect to get their governments to adopt their views and represent them at the European level. Parliaments that do not have these options probably will not use these, as it will be rational to them to use those instruments because simply all of the costs symbols with it are too great for the pay off they can get. There is a clear relationship in those actors trying to pursue preferences. They develop strategies to do that but they bumped into institutions and then got out and they have to adapt their strategies.

MPs as an individual, this is a very common strategy of the rational choice of approaches, to argue at the individual strategic level to explain collective behavior. What I have been looking at in this paper, the theoretical argument is the individual one but what I wanted to explain are the patterns of behaviors of a collection of actors, namely the MPs with the parliamentary party groups till now only at theses acting collectively. I have looked only at the strategies that can be pursued collectively. So far, I have not looked at the within group dynamics neither strategies of individual MPs. As this is not yet included I am not able to explain that.

Why do parliamentary culture and salience of the EU affairs work familiarly? To be honest, I have not found the answer how to explain these behaviors among so many institutions. It is a very good approach of in-depth analysis of within parliamentary behavior.

### **Question from public:**

1. In your presentation you put emphasis on one element: parties, which is actually not included in the mechanism, in the chain, presenting behind you (the figure 1 from the paper). What I think it is actually good so. When I first read the paper, I thought that there is not enough on parties there. It clearly must matter there. We are in Europe, where parties dominate in the governmental structure, so they do have sake and this is a crucial one of MPs and the behavior of governments. Why do not

do it as was suggested by Florence, and include party variables into your model? It could give a positive light in the matter you have been doing. I wonder if you could not give the great effort to you use of these principle agent approach of re - figuration it and introducing parties.

Answer: If I could just quickly give a respond to your suggestion, what I think I would just to add them additionally to my model everywhere around, as an additional chain.

2. Just one comment. I do agree with you, that the parliamentary involvement in the EU affairs is the level of publicity, but shape different types of control. But I think some more elaboration is needed on the “why” the relation between the voters and public opinion, as there is a significant relation between them. The question here is which is more significant.

3. I would like to make one step ahead of your presentation, as MPs are also designing their own mechanisms, they are all institutional architects, so why they only choose only those oversight mechanisms and not others? Why do not take others? There is also the problem of efficiency. If you say, for example, there are different techniques involved whether you go public or not, first you need to have efficiency, first you need to have results, which I would argue in the EU affairs, is because of the nature of the EU affairs is not always the case. Shouldn't you also incorporate this dimension into you research somehow, making it a bit more comprehensive and complete. Secondly, I have the feeling that you tackle the parliament a bit too much as a homogeneous body, because there are different preferences of the parties. For example if one party wants to stay in the government and the other one wants to leave the government. Do parties with different aims will choose different strategies then? How will you accommodate this approach into your model?

#### **Answers of Katrin Auel:**

My point is exactly that MPs are the principles formally of the governments and agency theory is based on that it is relationship being a very difficult one for the principal, as it does not out the principal in the power position. My exact point is that, at the same time MPs are agencies of their parties and the MPs are in this role set where they need to deal different roles simultaneously. I would say they are principals but parties are principals of them.

Why is publicity so important? It is an important matter. As Florence said, it is an incredibly important aspect in the relationships between the MPs and the governments. The question is what you do in public, in front of the opposition which can exploit it and the electorate. What kind of dirty wash you de behind the closed doors. The reason why I have put so much focus on into my paper is that most of the institutional designs in Europe disregard that fact that form legislative studies we know so well. The literature expects parliamentarians of the majority parties to act completely differently in European affairs, namely to publicity tell the governments what to do, to criticize them. They do all that to be far more assertive and less party loyal than they are. I want to formalize that, saying that publicity makes the choice of few strategies very difficult.

**Question:** The question is if it is because of the opinions or because of the diplomacy?

**Answer of Katrin Auel:** Do I have to decide? I think that they are both important and I do not think I can decide at this point.

Contract design needs to be incorporated. Yes but this has already been done in the literature. Specific parliaments have specific institutional adaptations in the EU affairs. Why do some have mandating system and others do not. The question is how do they work with what they got? It does not mean that I have ignored the institutional context. As I have said, it is a part of the institutional context that I am not able to explain today. I think that it is also too optimistic to say that MPs are the architects. I am not sure if it is always the case that parliaments by themselves always decide over the institutional design. I do not want to explain their institutional variations. I want to explain how they use what they have and why sometimes they do not use it at all.