

Democracy overwritten by economics

Crisis management under the aspects of democracy

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[Abstract](#)

[1. Introduction](#)

[2. The democracy test](#)

[2.1. Basic concepts](#)

[2.2. The classical definition of the democratic deficit – the legitimacy chain and the responsiveness](#)

[2.3. Policy change – shift in the decision-making and problem-solving capacities](#)

[2.4. Redistribution and input legitimacy](#)

[2.5. Democracy test – summary](#)

[3. The democratic analysis of the crisis management](#)

[3.1. Institutional ultra vires – ECB](#)

[3.2. Conditional credits – EU, IMF](#)

[3.3. state-save funds – European Stability Mechanism](#)

[3.4. Fiscal Compact – Stability and Growth Pact 2.0](#)

[3.5. Cypriot bail-in – explicit taxation](#)

[3.6. The democratic character of the whole crisis management - summary](#)

[4. Conclusion](#)

[5. Bibliography](#)

Abstract

The 2009 euro crisis and its solution are considered the greatest challenges since the European Union's creation. Due to the crisis management, several resources were activated, old and new tools were used by the EU and its organs. The new economic governance regulating the Fiscal Compact, the six pack, the European Semester, the ECB's increased competencies, the state-save funds and the idea of euro-bonds are apparent among these. Their implementation was necessary to avoid the economic threats but fell outside of the sphere of political responsibilities they missed any kind of democratic legitimacy. Consequently all of the steps mentioned above were driven by the logic and rationality of economy due to problem's basic economic character. But the Union's crisis management has important political aspects too which necessitate the analysis of the implemented steps from the point of view of political responsibility and democratic accountability as well.

The present paper seeks to elaborate the so-called “democracy test” which enables one to analyze the fundamentally economically driven steps under the aspects of political responsibility, responsiveness, but first of all of democracy. The paper applies the test to these then gives an overall evaluation of the crises management and seeks to describe the results and challenges emerging from the situation created by the crisis. Among these, it presents the emerging European extraordinary economic and legal order and the need of regulation and democratization as well as the possible consequences of these.

According to the paper's hypothesis, the different elements of the crisis management together create a framework which enables the EU to handle similar situations as the 2009 one. This framework can be considered as a European extraordinary economic and legal order; European because it has emerged on a supranational level to answer a European challenge and is lead by EU actors; extraordinary legal order because it follows a similar logic and use similar means as special legal orders do, and economic because it is fundamentally related to economics. This framework has been established de facto but it has to be created de jure as well. From this fact emerges the need of regulation. The need for further democratization also derives from this special framework which gives the EU more competencies and implicit as well as explicit powers of taxation. According to one of the fundamental principles of democracy, there should be “no taxation without representation”. The German Constitutional Court in its sentences in reference to the Lisbon Treaty, declared the insufficiency of the representation on the European Union level. In conclusion, crisis management creates a need for further democratization and should reopen the debate on the democratic deficit.

Democratic deficit, euro crisis, crisis management, ECB, ESM, Fiscal Compact, Cyprus bail-in, democracy test, extraordinary economic and legal order, democratization

1. Introduction

Due to the financial crisis of 2008 in the USA, the hidden structural problems of the EU's Economic and Monetary Union have become real threats as the American case drew the investors' and markets' attention as well as distrust towards the turn-overs of state-bonds and the sustainability of public debts. Although in our understanding the American and the European crises cannot be considered as the same crisis, the euro zone's endogenous problems have become real dangers due to the effects of the American events.

The threat on the common currency has affected the future of the whole integration, which required the immediate reaction of all actors to avoid the collapse of euro. Many institutions have taken different crisis managing steps; the European Central Bank took competency enlarging actions such as the Trichet-Draghi letter¹ (Costa, 2011) and the establishment of the function of last resort creditor (The Economist, 2012); the member-states of the euro zone first created the European Stability Mechanism (ESM), later signed the Fiscal Compact (Treaty on Stability, Coordination and Governance in the Economic and Monetary Union); the Commission together with IMF has loaned conditional credits and elaborated the technique of the so-called bail-in for the case of Cyprus.

All of the steps mentioned above were driven by the logic and economic rationale due to problem's basic economic character. But the Union's crisis management has important political aspects too which necessitate the analysis of the implemented steps from the point of view of political responsibility and democratic accountability as well.

The present paper seeks to elaborate the so-called "democracy test" which enables one to analyze the fundamentally economically driven steps under the aspects of political responsibility, responsiveness but primarily, of democracy.

After describing the method of the democracy test, I will analyze the following crisis management steps:

- the new institutional self-definitions; the ECB's competency enlarging steps through the Trichet-Draghi letter
- the institutions of the conditional credits
- the state save funds and their later form, the ESM
- the Fiscal Compact
- the steps of the Six Pack and

¹ The letter written and sent by the leaving and arriving presidents of the ECB, which asked for several economic policy changes from Rome e.g. the immediate raise of the age of retirement and the liberalization of services. The implementation of changes was imagined through government decree without the cooperation of parliament.

- the solution of bail-in implemented in the Cypriot case.

After that I will summarize the democratic level of the whole crisis management and analyze the emerging constraint which can be considered as new challenges of the integration. Although the topic of the present paper in several aspects can be considered multidisciplinary because it could be easily analyzed from the point of view of economics, international relations or law, we use the framework provided by political science.

2. The democracy test

2.1. Basic concepts

As it appears from the title, the crisis management steps of the various actors will be analyzed from the aspects of democracy. Consequently I have to give an answer to the question, what democracy is, or at least accept an already established definition.

The issue of defining democracy is present in political science since its birth but no scholar was able to create a widely accepted notion for it; due to the fact that it uses the concept of 'democracies' rather than 'democracy'. The present work would not seek to join the theoretical debate on the definition, so during the analysis of democracy it starts from another generally accepted and better-defined notion of the European Studies, from the concept of the democratic deficit. So the democracy test is not based on what democracy is, but more on what it is not. The test consists of three elements; the legitimacy chain derived from the notion's classical definition (Romani, Liakopoulos, 2009, p.15), the change in the means of polity center derived from the definition based on decision-making and problem-solving capacity (Romani, Liakopoulos, 2009, p.17-18; Hix, Follesdal, 2006, p.537) and the policy typology of Majone (regulative or redistributive) (Majone, 1998 p.5, 13-18) together with the observation of the presence of input legitimacy (Bellamy, 2011). On the following pages we will shortly describe the meaning of these three elements.

2.2. The classical definition of the democratic deficit - the legitimacy chain and the responsiveness

In the scientific literature of political science the notion of democratic deficit appeared for the first time after the Single European Act had come into force. In the present paper I use its two known definitions for our analysis. According to this phenomenon's general and simplest definition in its literature, in the case of the European Union the democratic deficit is the difference between the competencies delegated to the supranational level and the democratic control over those. This kind of control should be exercised by European citizens through a representative body or any other political tool (Romani, Liakopoulos, 2009, p.15).

The meaning of this control by the citizens is the following; what kind of effect are people able to make in order to change the policies' direction affecting their lives. On a member-state level

this kind of control has several tools and channels from the demonstrations, through lobby groups, to other institutions, but its most widespread forms are the general legislative elections where the citizens through their votes evaluate the performance of the government or the executive. Thanks to this, the government or the executive becomes responsive to the voters will, receiving their mandate from them in the first place.

The first element of the democracy test is composed of this definition and the responsiveness. The input legitimacy² of a given institution and parallel, the decision made by the institution is greater when the so-called legitimacy chain is shorter, that is to say the decision is made closer to the voter. According to this the biggest input legitimacy is possessed by the directly elected and controlled institutions and by their decisions.³ Among those organs which are directly elected and accountable to the voters one finds the heads of state elected by popular vote, whose space for political maneuvering is bigger than that of the indirectly elected ones, and the legislations. Legally most of the member-state governments and prime ministers are not directly elected. But here one must underline the phenomenons of presidentialization, personalization and mediatisation of politics (Köröseyi, 2003). Due to these, the European governments can be considered as directly elected bodies under the aspects of political science because the elections' main goal is not sending a certain representative into the legislation, but assisting a party in winning and seizing power. Due the emergence of the PM in the government as leader of the country and in public as the face of the party which are symptoms of the presidentialization, and mediatisation, also this institution disposes a (more) direct legitimacy, with a shorter legitimacy chain.

However the EU's organs, except the EP but such as the Commission or the European Council are more distant from the voters; consequently if the chain is longer, the electoral control, the political responsibility and the responsiveness are weaker.⁴

Thanks to these findings, the democracy test's first element is the analyses of the legitimacy chain's length. I will examine that in the case of the different crisis management steps, how far is the European voter from the decision-making actor, and in what measure able to effort it.

² See below.

³ Should be underlined, several other things are required for a higher level of input legitimacy. According to the literature (see Bekkers et al., 2007), direct legitimacy or control is only one amongst the other requirements as transparency, general right to vote, access to politics and a wide-range of actors. However in the democracy test of the present paper only the direct legitimacy is used.

⁴ Although it is not integrated into the test, but it is important to highlight the democratic shortcomings of the decision-making mechanisms. Due to the general application of the qualified majority voting in the EU, it became possible to remain in minority during the decision-making. Between the Council of the European Union as a whole and the voters of the member-states in minority there is no responsiveness at all. However the European political culture is mostly consensus oriented, so generally the decisions are still made by unanimity. That is the reason why this is not integrated into the test.

2.3. Policy change - shift in the decision-making and problem-solving capacities

In the scientific literature there is another definition of the democratic deficit which analyses the phenomenon from a different angle; the phenomenon is not treated only in the voter – European decision-making relation but the change in polity means is underlined. In the present paper this definition is called as decision-maker definition and composes the second element of the democracy test.

According to this definition, the democratic deficit is the result of the shift of the decision-making and problem solving capacities from the classical polity of representative democracies⁵ towards new forms of governance and institutions (Romani, Liakopoulos, 2009, p.17-18; Hix, Follesdal, 2006, p.537). Thus the institutions of the representative democracy are subjects of a certain political control but the new forms of governance (commissions, agencies, open method of coordination, etc.), born outside the classical polity are lacking control, i.e. they are politically irresponsible and miss the responsiveness. The enforcement of these forms weakens the power positions of representative democracies, which aggravates the democratic deficit (Bekkers et al., 2007, p.307). With regard to the theory of Scharpf, which says the democratic legitimacy is getting grater if more and more powers would be shifted from the politically irresponsible and independent bodies and making them subjects of a collective decision-making process (Scharpf, 1999, p.26). I can understand that the shifts towards new governance forms can be considered as a source of the democratic deficit.

Consequently as the second element of democracy test we will examine if there was any shift from the classical polity towards the new forms of governance in the cases of the crisis management steps.

2.4. Redistribution and input legitimacy

During the debate on the democratic deficit⁶, Giandomenico Majone stated that the phenomenon exists but it cannot be considered as a problem. His reasoning was based on the division between the regulative and redistributive policies. According to his position, the regulative policies and their decisions do not create losers because those steps only render the results Pareto-efficient and since the decisions do not create losers, the results also compensate those who remained in minority during the decision-making process (Majone, 1998 p.5, 13-18). Majone says the EU lacks the majority for decision-making and the political character of the decisions, but this should not be considered as a problem as the EU drives only regulative policies.⁷

⁵ The institutional framework of the EU is included in this category.

⁶ An academic debate on the democratic deficit in the first years of 2000 with the participation of Moravcsik, Majone, Hix, Follesdal, Bellamy, Scharpf and others.

⁷ I am not agree with Majone's position nor about the ideal-typical separation between regulative and redistributive policies, nor about the highlighting of the regulative character of the integration. However I use

However, in the case of the redistributive policies the collective majority decision-making process should take place and the “depoliticisation” (ibidem) is not acceptable because the decisions here create losers are not compensated by the results. Consequently, in the case of redistributive policies and “bread and butter” issues, the implementation of political logic and collective majority decision-making processes are indispensable.

The collective, majority based decision-making process and the citizens' participation in it are the elements of the so-called input legitimacy (Bellamy, 2011). This is based on the government by the people and its central values are the political equality, the rationality and necessity of the political conflicts, the human affection for committing mistakes and political responsibility. These characters have great importance to making a democracy generally accepted (Bellamy, 2011, p.4). The relevant norms of this kind of legitimacy are the possible equal access to participation, the high quality of the representation and the access for the demos to the political agenda (Bekkers, Edwards, 2007, p.43-44). Consequently the supporters of the input legitimacy methods prefer such decision-making processes which grant the widest popular participation even if the results of these are less efficient (Bellamy, 2011, p.4).

The third and last element of the democracy test examines if any kind of redistributive effect is present. If the crisis management action has any effect on redistribution, the level of input legitimacy will be taken into question analyzing its adequacy to the redistributive effects.

2.5. Democracy test - summary

In the next chapter I will examine the different steps of the crisis management through the following test:

- First I looks for the legitimacy chain, analyzing how distant the decision-making is from the voter and how responsive they are. Here the political logic rules over the legal one, which means the legitimacy of the governments and PMs is considered as direct legitimacy.
- Second I will look after if a new decision-maker or governance center has emerged outside the classic polity. We will analyze the shifts in decision-making and problem-solving capacities from the governing, the classical polity of the representative democracy towards the new forms of governance.
- At the end, following the logic of Majone, the tools of the crisis management will be examined searching for their redistributive elements and effects. If there are any effect of this kind, we will look after the adequate level of input legitimacy.

his starting points because if I were able to demonstrate the existence of the democratic deficit and the need of democratization from the perspective of the position of counter-democratization, my proves would be stronger.

The tested crisis management steps will be the following:

- the Trichet-Draghi letter and the OMT as the ECB's newly achieved self-approach of competencies,
- the conditional credits elaborated at the beginning of the crisis,
- the state-save funds – the ESM (European Stability Mechanism)
- the Fiscal Compact and
- the Cypriot bail-in.

3. The democratic analysis of the crisis management

3.1. Institutional ultra vires - ECB

In the case of the ECB I examine two crisis management steps. The democratic character and the legitimacy of the independent and politically irresponsible agency which can be considered as a new form of governance which are based on strictly circumscribed competencies by the Treaties and on its results. The central bank was one of the first institutions which reacted quickly to the crisis with the letter of Trichet-Draghi; at first only de facto but later in the form of the OMT⁸ also de jure (The Economist, 2012), elaborating its last resort creditor role.

The crisis management steps were taken by the ECB and its presidents. The legitimacy chain is long and the decision-making process lacks responsiveness.

Theoretically the voter's will is channeled in to the election of the President of ECB through the national elections of its own legislation and government. The head of government support one of the candidates for the top job of the central bank in the European Council. The ECB's leader generally is chosen by consensus. Some responsiveness could be already present but it is not important for the voter; it is more the interest of the member-state which can be found. But after the election of the ECB's leader, the whole institution will be separated from the sphere of politics and become irresponsible which means the end of any kind of responsiveness. So the legitimacy chain is long, the ECB pay no attention to the will of the voters and is totally irresponsible in political terms.

Regarding the decision making center, although recruiting is not absolutely separated from the classical polity but the ECB's operation is absolutely distant from that and it functions as a new form of governance outside the institutional framework of the representative democracy.

⁸ Outright Monetary Transactions; the institutional solution of the ECB's role as a last resort creditor.

From the aspects of the redistributive effects, the claims of the letter of Trichet-Draghi are considered at least serious steps and lack any kind of input legitimacy at all. In the case of the OMT the redistributive effects are less explicit but due to the fact that it is a tool for refinancing the member-states' sovereign debt, it can cause implicit efforts to the public redistribution and the economic indexes. It is obvious because the public debt and the central bank's prime interest rate are among the Maastricht Criteria. The input legitimacy is the same as in the case of the letter of Trichet-Draghi.

To sum up, I detect serious democratic shortcomings of the ECB's crisis management.

legitimacy chain	decision maker	redistributive effect input legitimacy	summary
long	new form of governance	serious redistributive effects (both explicit and implicit ones)	serious democratic problems
lack of responsiveness	politically irresponsible	lack of input legitimacy	

3.2. Conditional credits - EU, IMF

The first crisis managing action partially taken by the EU's classical institutions were the conditional credits created and lent by the Commission cooperating with the IMF, having the support of the member-states. These actions can also be considered as the end of the principle of no bail-out. The meaning of this action was lending financial aid to the member-states in trouble by the EU cooperating with the IMF, if the targeted countries had accepted to change their economic structures in the way as the Commission and the IMF prescribed it. So the member-states were constrained to act and make policy changes in those fields which belong to their remaining sovereignty and so to the shared or exclusive national competencies of the EU-IMF without any kind of authorization.

From the aspects of the legitimacy chain, the conditional credits can be considered as a better construction than the previously analyzed ECB's actions. The executive and the legislation are elected by the voter, and delegate a commissioner to the European Commission.⁹ On the other hand the voter through the EP elections today directly affects the nomination of the

⁹ Should be underlined, neither this legitimacy chain is perfect. Most of the time the mandate of the European (EP and the Commission) and national bodies (parliaments and governments) does not overlap with each other. It makes possible that the member-state's commissioner was delegated by the previous government. Analysis of this phenomenon's effects on legitimacy can be a future research theme.

leader of the Commission too. Thanks to this, the question of the conditional credits has become an issue of the home affairs and the local political agenda. The voter – government and voter – legislation relations should be considered responsive. The Commission as a whole and the member-state relation is responsive too. On the European level the relation between the EP and the Commission, which can be considered as some kind of executive power, is getting more responsive by time and thanks to the institutionalization of the high candidates it will improve even more in the future. The relation between the government and the commissioner delegated by it, can be hardly and only accidentally analyzed, but here we suppose a lack of responsiveness.

The greater problem related to the legitimacy chain is the role of the IMF which is absolutely separated from the voter.

From the aspect of the decision-making agent the actions are partially taken within the framework of classical European polity as the conditions of the credits in part were elaborated by the EU and the Commission. On the other hand the International Monetary Fund is a new form of governance, a new and outsider decision-maker; so a shift from the classical European polity is present.

The conditional credits generally prescribed the fundamental reforms of basic economic structures and redistributive systems, so the redistributive efforts are obvious. The input legitimacy on a lower level is present in the case of the European institutions, but in the case of the IMF it is absolutely missing. So the losers are not compensated by the participation in the decision-making process.

We can summarize that we detect perceptible democratic shortcomings in the joint action of the Commission and the IMF.

legitimacy chain	decision maker	redistributive effect input legitimacy	summary
long but shorter than in the ECB's case	partially the classical polity	serious redistributive effect	perceptible democratic shortcomings

in the case of IMF is missing	partially new decision-maker agent	lower input legitimacy	
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3.3. state-save funds - European Stability Mechanism

The European Stability Mechanism which was created from the previously functioning EFSF and EFSM is a financial fund established by the member-states of the euro zone which gives financial aid to the countries in trouble like conditional credits. The cooperation is strongly intergovernmental, its asset is its members.

The cooperation has two leading organs; the Board of Governors and the Board of Directors. The members of the Board of Governors are the financial ministers of the states, the members of the Board of Directors are delegated by the governments. At the sessions of the first organ the President of the ECB, the Commissioner responsible for economic and financial issues and the president of the Euro Group may attend. (ESM Treaty, Art. n.5-6)

The decisions can be made in three ways, by unanimity, by qualified majority and by simple majority. The weights of the members' votes are calculated on the basis of their inpayment. Although some supranational element can be found, but the most important decisions of the cooperation are made by unanimity.¹⁰

From the aspect of the legitimacy chain the situation is slightly better than in the case of the ECB's actions but worse than in the case of conditional credits. The voter cannot reach the leaders of the fund through its vote at the EP elections because its lead fell absolutely out of the control of the EU's classical polity as I will discuss at the second element of the test. However due to the intergovernmental character and the entrance of the state-save funds' issue to the national political agenda¹¹ there is a sort of legitimacy chain as well as some responsiveness, even if these are too weak for channeling in the citizens will and preferences. Even if the daily functioning cannot be affected by the voter, but the greater strategic decisions can be.

Regarding the issue of the decision-making actor, here we are dealing only with new forms of governance quite well separated from the Union's classical institutional framework. Consequently there is a relevant shift from the controllable and politically responsible actors towards the new decision-making centers. However the IMF is also present in the case of the

¹⁰ See Article n.5-6 of ESM Treaty.

¹¹ See the case of Slovakia and Germany. The Radicova government failed due to the issue of Slovakian inpayment into the fund. In Germany the issue was part of the political debate if the country should or should not aid the imbalanced member-states and the participation of the country was examined by the Constitutional Court.

credits lent by the state-save funds, so the relating parts of the previous sub-chapter are relevant also here.

Under the aspects of redistribution, the situation is similar as in the case of the conditional credits because these financial aids were also following with similar conditions. The difference was that the conditions were elaborated and established by a closer group, the euro zone members which among the explicit redistributive effects brings new implicit ones too. The input legitimacy due the cooperation's stronger intergovernmental character is much higher than in the case of the conditional credits.

To sum up, I detect serious democratic shortcomings at the functioning of the state-save funds, because it is totally out of the Union's polity and the IMF is also present. However, across some national channel some kind of voters' effect is possible. Still, from the point of view of the integration's democratic deficit it is a worse solution than the conditional credits are.

legitimacy chain	decision maker	redistributive effect input legitimacy	summary
long	new forms of governance	serious redistributive effects (both explicit and implicit ones)	serious democratic shortcomings
does not exist in the EU's framework		low level of input legitimacy	
out of the EU's polity is lack of responsiveness			

3.4. Fiscal Compact - Stability and Growth Pact 2.0

In 2012, during the advanced phase of the crisis management, the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, the so-called Fiscal Compact was created. This intergovernmental agreement enforced the Stability and Growth Pact attached to the Amsterdam Treaty and changed some of its elements; it automatizes the implementation of sanctions, aggravates the rules to following the Maastricht criteria, prescribing the decrease of public debt over the 60% of the GDP with one twentieth part of it

in each year and adopting the requisite of the balanced or positive budget on the highest available level of law.

The legitimacy chain of the Treaty can be examined from several aspects, but among the already analyzed steps and actions this can be considered the most responsive and at least theoretically the one which can be the most effected by the voters. As an intergovernmental international treaty, it was ratified by the legislations of the member-states; these organs are politically responsible, having direct legitimacy through that are accountable as well. The treaty was signed by the government, which according to the political reality has direct legitimacy and its responsibility before its electors cannot be put into question. The accession to the treaty has become an issue of the political agenda in several countries.¹²

The implementation's control of the Treaty enters the competencies and responsibilities of the EU's classical institutional framework, more precisely of the Commission and partially one form of the Council of the European Union, the ECOFIN; consequently the legitimacy chain goes across the EP, the national governments, so it can be considered reasonable with an acceptable level of responsiveness.

Regarding the decision-maker actor, we can underline that mostly the classical polity rules the field, but the Fiscal Compact also created a new body, the Euro Summit, which embodies the euro zone's members' ministers responsible for the financial issues, and in its decision-making process the EP has no role at all.

The Fiscal Compact causes obvious redistributive effects; the prescription of the balanced budget and the continuous decline of the sovereign debt is impossible without steps relating to the taxation or the redistribution. But the input legitimacy remains weak as it was and is in the case of the whole Union. It is enough to see the German Constitutional Court's decisions (Bieber, 2011).¹³

I may sum up, the Fiscal Compact among the already analyzed steps is the most democratic one, but some perceptible democratic shortcomings are also present in this case.

legitimacy chain	decision maker	redistributive effect input legitimacy	summary
relatively short	mostly the classical polity	serious redistributive effects	perceptible democratic shortcomings
acceptable level of responsiveness	partially new form of governance	relatively higher, but still weak input legitimacy	

¹² See the case of the United Kingdom and Hungary.

¹³ See Bieber.

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3.5. Cypriot bail-in - explicit taxation

The 2013 Cypriot financial aid has to be considered as the most counter-democratic stage of the EU's crisis management. The taxation which is part of the core sovereignty and of the exclusive competencies of the member-states was partially executed by Brussels in Cyprus. The one time tax imposed on the savings meant the violation of the fundamental principle of democracy, "no taxation without representation". Another problematic aspect of the action is, the kind of competency would be delegated only to the European level by Treaty reforms if it were followed by a relevant increase in the meanings of quality of representation, according to the relevant decision of the German Constitutional Court (Bieber, 2011).

The legitimacy chain although in this case it does not seem to be long because it goes only until the Commission, but it is absolutely not responsive and from the point of view of the taxed country it does not really exist, because Cyprus has no other possibilities but accept the central decision. In this case another phenomenon emerges which is not a subject of the current paper; the new aspect of the democratic deficit which should be understood not in the relation between the voter and the integration but in the relation between the given member-state and the integration (Varga, 2012).

Regarding the decision-making actor there is no visible shift but the classical European polity has started to wield an exclusive competency of a member-state, which act has to be considered as a shortcoming from the aspect of democracy.

The action has clear and obvious redistributive effects, the input legitimacy as I have already mentioned above was inadequate; to the taxation a much higher level of representation is required.

To sum up in the case of the Cypriot bail-in there are really serious democratic shortcomings present.

legitimacy chain	decision maker	redistributive effect input legitimacy	summary
no responsiveness at all	classical polity	obvious, clear redistributive effect	real serious democratic shortcomings
in the case of the given member-state it is absolutely missing	infringement of exclusive competency	inadequate input legitimacy respect to the action	

3.6. The democratic character of the whole crisis management - summary

We can observe that most of the crisis management's steps and the whole process has serious democratic shortcomings. Our analysis can be summarized in the following table:

	legitimacy chain	decision maker	redistributive effect input legitimacy	summary
ECB	too long, not responsive	new, governance	yes, no	xxx
conditional credits	long	both government, governance	yes, no	xx
ESM	long, not responsive	new, governance	yes, no	xxx
Fiscal Compact	shorter, more responsive	both government, governance	yes, low	x
Cypriot bail-in	shorter, but not responsive	government	yes, no	xxx

4. Conclusion

We can observe the Union's crisis management has serious democratic shortcomings. But this is the direct consequence that the different actions and steps of the crisis management should be understood as a European extraordinary economic and legal order. A problem emerged on the European level which cannot be managed on the member-state's level which has created a framework which has overwritten the logic of democracy by the logic and rationality of economics.

It causes two further consequences; the European Union is standing before a need for further democratization and a need of regulation. Among these two tasks, the democratization is more acute, but the need for regulating is more simple.

The need of regulation is regarding the de jure creation of the de facto already born extraordinary economic and legal order. Its creation is a more simple task than further democratization.

The greater challenge is increasing and improving the quality of representation and creating the political responsibility and democratic accountability. The symptom of the problem's acuteness is proven by the electoral results of the eurosceptic parties at the 2014 EP elections whose main argument was the lack of European democracy.

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