

## **‘Parliaments in the Euro Crisis - Can the Losers of Integration Still Fight Back?’**

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### **Abstract**

The Eurozone crisis challenges the scrutiny systems of national parliaments: many instruments tackling the crisis were established outside the EU legal framework; the crisis management has generally been dominated by European and national executives and decisions were taken under enormous time pressure. Did national parliaments become nonetheless involved in the scrutiny of the crisis management, and if yes how? And to what extent are their crisis-related scrutiny activities different from that in other EU affairs? Based on a quantitative data set on formal parliamentary activities in the 2010-12 period, this paper shows that the crisis did play an important role with regard to plenary EU debates in many national parliaments. Beyond debates, however, the scrutiny of the crisis management has surprisingly been ‘business as usual’ for most parliamentary chambers. This further cements the gap between formally strong and active and formally weak and inactive parliaments.

### **Introduction**

Since the beginning of the European integration process, national parliaments have had a bumpy ride. For many years, European integration appeared mainly as a threat to national

parliaments, given that they were seen to be losing legislative authority to the European level. However, over time many of the ‘poor losers’ of integration have learned ‘to fight back’ and obtained stronger participation rights in the domestic handling of European policy (Winzen 2012).<sup>1</sup> Since the coming into force of the Lisbon Treaty national parliaments even have an explicit role within the EU’s legislative process, in particular as the new guardians of the subsidiarity principle.

However, it seems that the challenges national parliaments face have reached a new level within the context of the eurozone crisis and the resulting changes in the economic governance of the EU: Crisis management ‘by summit’ (Schulz, 2012) has become the norm; intergovernmental treaties outside the EU legal framework weaken parliamentary participation rights; strict austerity measures, financial guarantees, closer economic policy coordination and enforced budgetary discipline all impact core areas of parliamentary authority. What we know far less about is how parliaments have accompanied the management of the crisis. Are backbenchers still ‘fighting back’ or were they marginalized by a highly technocratic, executive-dominated crisis management? Much of the literature and political commentaries seem to suggest the latter (e.g. Fox, 2012, Landfried, 2012, Münkler, 2012). A severe lack of basic parliamentary involvement would, however, not only make it more difficult for member states to take national ‘ownership’ of the crisis management, but also challenge the advances made in terms of the democratic legitimacy of the EU.

Against this background, the paper addresses two questions: Did national parliaments become involved in the scrutiny of the current crisis management, and if yes how? And to what extent are their scrutiny activities in crisis-related matters actually different from that in other EU

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<sup>1</sup> Due to reasons of space, we are not able to discuss the broad literature on national parliaments in the EU, but Goetz/Meyer-Sahling 2008, Raunio 2009 and Winzen 2010 provide excellent reviews.

affairs? For the analysis, we draw on a quantitative data set of parliamentary activities in EU affairs between 2010 and 2012 established within the OPAL<sup>2</sup> project (see Auel, 2014).

The aim of this short contribution is thus a humble one: to investigate how national parliaments have accompanied the crisis management by providing a comparative overview over their crisis-related scrutiny activities. As the data does not allow us to compare the activities of national parliaments to the period before 2010, we are unable to analyze whether the crisis has had a more general impact on parliamentary scrutiny. Given the constraints in terms of space, we also have to leave more systematic explanations for the variation in the level of activities to future publications.

### **Economic Governance Reform and its Impact on National Parliaments**

In early 2010, the sovereign debt crisis hit the EU. Starting with Greece, it has spread to other member states since then, most notably Ireland, Portugal, Spain and Cyprus. To tackle the crisis, EU member states have agreed economic governance reforms to manage and overcome what is now often labelled the ‘eurozone crisis’. The reforms are too numerous to be discussed in detail here (for an overview see Kunstein and Wessels, 2012), but among the most important are the initial European Financial Stability Facility (EFSF) and the permanent European Stability Mechanism (ESM), the so-called ‘six pack’ and ‘two pack’ (including the ‘European Semester’ and a reform of the Stability and Growth Pact) and the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG, commonly known as the ‘Fiscal Compact’ which requires member states to achieve a surplus or at least a balanced budget as well as the incorporation of constitutional or statutory mechanisms to limit public borrowing).

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<sup>2</sup> The Observatory of National Parliaments after Lisbon, OPAL, <http://www.opal-europe.org>.

Both the content and the implementation of these reforms have impacted national parliaments in a number of ways. All parliaments – although to different degrees – obliged themselves to consolidate their budgets. Instruments such as the European Semester or the Fiscal Compact impact future fiscal and economic policy decisions of all (participating) member states and thus one of the most hallowed parliamentary prerogatives – budgetary sovereignty. The programme countries, already limited in their freedom of action due to their dire financial situation, had to sign and implement so-called Memoranda of Understanding obliging them to implement far reaching austerity reforms as a precondition for financial assistance from the EFSF or ESM. The donor countries, in contrast, have to shoulder large financial guarantees which may severely limit their future political room for manoeuvre if they ever become due.

With the EU in full crisis mode, the European Council and the Euro Area Summit have become the most important forums for decision-making in EMU affairs further strengthening the role of executives in EU affairs. Together with the Eurogroup, the two bodies have turned into a kind of European economic government (Wessels and Rozenberg, 2013). Some of the most far reaching instruments that they initiated - such as the EFSF, the ESM or the Fiscal Compact - are also based on intergovernmental agreements or treaties outside the EU legal framework. As a result, national governments treated (or tried to treat) the latter as foreign rather than EU policy, which generally limits parliaments' involvement.

So far we know little about how national parliaments reacted to the challenges described above. Studies indicate that parliamentary participation rights, for example regarding ex ante and ex post scrutiny of European Councils or Euro Area Summits vary considerably (Wessels and Rozenberg, 2013). The same is true for new instruments, such as the EFSF, where some parliaments have extensive oversight and veto rights concerning decisions at the European level (for the German *Bundestag* see Höing, 2013), while others have mere information rights or are hardly involved in the process at all (Deutsche Bank, 2011). Thus, there are clear

indications that the crisis has not simply weakened all parliaments in the same way. To test this claim, we present the data on crisis-related parliamentary activities in the following.

### **Dealing With the Crisis: Business as usual?**

For the purpose of this paper, we draw on comparative empirical data on parliamentary activities in EU affairs between 2010 and 2012 across all 27 national parliaments (Auel et al., 2014). From the larger data set, we selected all crisis-related resolutions or mandates, plenary debates and opinions submitted within the Early Warning System (EWS) or the Political Dialogue.<sup>3</sup> Our final data set consists of 993 crisis-related parliamentary activities and thus of roughly 19 per cent of the overall EU activities of the Lower Chambers (5142 activities).

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<sup>3</sup> This included all activities on (1) crisis-related EU legislative proposals and pre-legislative documents, (2) all intergovernmental measures initiated outside the legal EU framework, and (3) all activities where the content showed sufficient relation to the crisis. The latter is based on a qualitative assessment and includes, for instance, general debates on the crisis or on relevant government declarations before or after European Councils and Euro Area Summits, but also parliamentary resolutions dealing with the crisis outside of specific EU proposals. The data collection took place between May 2012 and February 2013 on the basis of a detailed codebook. Data was collected from parliamentary websites and the European Commission website for the Political Dialogue ([http://ec.europa.eu/dgs/secretariat\\_general/relations/relations\\_other/npo/index\\_en.htm](http://ec.europa.eu/dgs/secretariat_general/relations/relations_other/npo/index_en.htm)) and cross-checked through the Interparliamentary EU Information Exchange (IPEX) database. In addition, the coders requested and confirmed data from parliamentary information offices. The 25 coders are mostly native speakers and received training in two workshops. Each coded activity was documented in a PDF file, and the data was checked both during the coding process and ex post by two supervisors individually to ensure accuracy. In addition, a questionnaire sent to national parliaments provided data on the average length of EU plenary debates and the overall time spent on all plenary. After a third reminder, the return rate was 100 per cent, although some specific data was missing in a few cases. Missing data was added through the authors' own calculations.

A few shortcomings and caveats of the data collection need to be mentioned. The selected activities cover the most important means of national parliaments to get involved in EU politics: resolutions/mandates providing parliaments with the opportunity to give their opinion on EU documents and the government's negotiation position (policy-influencing function), plenary debates serving public deliberation and control (communication function), and reasoned opinions within the EWS as well as opinions within the Political Dialogue (policy influence directly at the EU level). It does, however, omit other instruments or activities such as parliamentary questions or Committee meetings and, especially, informal means of influence and control. This omission is, unfortunately, part of the trade-off between large and small N studies. Given the aim of covering all national parliaments in the EU, we had to rely on quantitative data that is both accessible and comparable across all chambers. Investigating informal strategies, in contrast, not only relies on qualitative data sources, but is also extremely difficult to quantify. Finally, simply counting activities tells us little about the impact of parliamentary involvement, i.e. whether more active parliaments also succeed in controlling and influencing their governments effectively. The data set therefore measures what parliaments do, but not whether they are actually successful.

Still, as table 1 shows, the eurozone crisis impacted significantly on parliamentary activities. In the period under investigation national parliaments spent almost one thousand hours debating crisis-related issues in over 450 plenary debates and issued nearly 440 mandates or resolutions on this topic. In contrast, reasoned opinions (Early Warning System) were rarely submitted on crisis-related legislative proposals. Despite the fact that many crisis instruments have a direct impact on core parliamentary competencies, national parliaments rarely expressed concerns about questions of subsidiarity.

[Table 1 about here]

However, to assess whether the crisis was treated differently by national parliaments compared to other EU issues, we need to compare the parliamentary engagement in both areas. For the comparison, we calculated a score for the level of activity based on the three types of activities. The values for each activity indicator<sup>4</sup> were first normalized on a scale from 0 to 1<sup>5</sup>, added up to an overall score and divided by three.

A first result is that we find a strong correlation between the level of activity related to the crisis and the level of activity in other EU policy areas (Figure 1).

[Figure 1 about here]

Overall, it seems, the crisis has neither significantly increased nor limited the use of parliamentary instruments in EU matters. At least when it comes to their overall level of engagement, the crisis is mainly ‘business as usual’ for national parliaments. Parliaments showing high levels of activities in EU affairs do also show high levels in the crisis management – independent of the fact whether they adopted the common currency or had been hit significantly by the crisis.

[Table 2 about here]

However, as table 2 shows, the crisis had a very different impact on specific parliamentary activities. The share of resolutions/mandates and opinions is similar - and comparatively low

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<sup>4</sup> Mandates/resolutions: absolute number; debates: combined indicator measuring the absolute number of EU debates and their share out of the overall debating time spent in the plenary to account for the variation in general plenary activity (for further details see Auel et al, 2014). We decided against weighing the different types of activities since the consideration whether one type of activity is more important than others (and, in quantitative terms, exactly *how much* more important) is a normative question.

<sup>5</sup> Unity based normalisation:  $X_{i, 0 \text{ to } 1} = (X_i - X_{\text{Min}})/(X_{\text{Max}} - X_{\text{Min}})$ , where  $X_i$  = each data point  $i$ ,  $X_{\text{Min}}$  = the minima among all the data points,  $X_{\text{Max}}$  = the maxima among all the data points,  $X_{i, 0 \text{ to } 1}$  = the data point  $i$  normalised between 0 and 1.

– and roughly reflects the ratio of crisis related documents out of all documents published by the Commission in 2010 – 2012.<sup>6</sup> In contrast, the share of the number and hours of plenary debates on crisis issues is fairly impressive.

The findings are also supported when we compare the relative share of resolutions/mandates regarding crisis-related and other EU issues for the individual parliaments (figure 2).<sup>7</sup> The percentages do have to be viewed with some care, as they are, at least in some cases, based on low absolute numbers. However, they indicate that - in relative terms and with few exceptions - the crisis played an important, but not a dominating role when it comes to issuing parliamentary positions. It is simply one, albeit important, area out of many areas of EU policy. Only in Belgium, Cyprus and Greece did parliament not issue any resolutions on crisis issues at all.

[Figure 2 about here]

When it comes to the relative share of crisis debates, the differences between the parliaments are much greater, ranging from less than 10 per cent to over 80 percent crisis-related debates out of all EU debates (figure 3). In 16 out of the 27 parliaments, more than 40 per cent of all

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<sup>6</sup> A precise comparison between the shares of crisis-related documents of the Commission and crisis related activities of national parliaments is impossible, because parliamentary activities are not always a direct reaction to EU Commission documents. However, a search for all documents published by the European Commission in 2010 to 2012 on the Eur-lex website results in 11750 documents. The same search for documents that contain the words ‘crisis’ AND ‘financial’ returns 1369 documents, which represents 11.7 per cent of all documents.

<sup>7</sup> The low number of reasoned opinions (EWS) on crisis matters does not allow drawing any substantial conclusions other than that national parliaments were either not very concerned about subsidiarity issues or at least did not think it opportune to voice such concerns publicly. Similar, the number of political Dialogue opinions on crisis documents, of which over 40 per cent (38) were submitted by the Portuguese *Assembleia*, is too low for a meaningful comparison.



EU debates dealt with the eurozone crisis; in 11 parliaments, even 50 per cent and more of all EU debates were related to the crisis.

[Figure 3 about here]

Interestingly - with the exception of the Czech parliament – especially the countries that will adopt the common currency in the near future are those with the lowest share of crisis-related debates (Bulgaria, Hungary, Latvia<sup>8</sup>, Lithuania, Poland, Romania).

The scatterplot in figure 4 further supports the findings: Eurozone membership has little impact on the mandating activity, but in all non-eurozone members (striped markers) - with the slight exception of the UK - plenary debates concerning crisis-related issues play a far smaller role than in parliaments of eurozone members – and this is especially the case for those where membership is planned.

[Figure 4 about here]

Also striking are the differences between debtor and donor parliaments within the eurozone. Neither Greece, Ireland nor Portugal (indicated by the circular striped markers) are very active in trying to influence their government by issuing resolutions on crisis issues. And while they do debate crisis issues more regularly than many of the non-eurozone parliaments, they remain well below average as well. Together with Cyprus and Spain (two member states that became debtors in late 2012 and early 2013, respectively), they are among the least active when it comes to the crisis. It can, of course, be argued that these parliaments have fewer incentives to scrutinize the EU crisis management due to both, internal pressures to deal with their fiscal problems as well as, especially, external pressures emanating from the EU level to accept conditions for financial support. The only exception is the Irish parliament. Although the reform of its scrutiny procedures in June 2011 was not triggered by the crisis as such, the Dáil Éireann has since made regular use of its right to debate, for example, statements of

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<sup>8</sup> Latvia adopted the common currency at the beginning of 2014.

the *Taoiseach* on formal and informal European Council meetings as well as Euro Area Summits (see also Wessels and Rozenberg, 2013).

## **Discussion and Conclusion**

The aim of this paper was to provide empirical evidence on how parliaments reacted to the challenges of the Eurozone crisis. A first important finding is that national parliaments have not generally been stunned into inertia, but dealt with the crisis similarly to how they deal with other EU affairs. This questions, at least to some extent, the assumption that the specific conditions of the crisis and the crisis management (executive dominance, time pressure, agreements outside of the Treaties and claims of ‘no alternative’) generally marginalized national parliaments or made parliamentary scrutiny too difficult. One explanation is that the crisis measures also included a sizeable number of EU directives and regulations that national parliaments deal with through their usual scrutiny procedures. Many parliaments have developed institutional routines - for instance the involvement of the specialized standing committees - which facilitate the scrutiny of crisis-related issues. Yet despite a general increase in parliamentary scrutiny rights over the last years (Winzen, 2012), a number of parliaments are still generally inactive in EU matters, and this is especially the case for some of the programme countries.

Second, although the overall activity level in the crisis is similar to that in other EU affairs, debates played a prominent role. Since the data does not allow a comparison to parliamentary activities before 2010, we cannot draw conclusions on whether parliaments have indeed become more active when it comes to debating EU issues due to the crisis, or whether the crisis has simply been the dominant topic among EU debates. Some studies, however, do indicate that the crisis has led to a greater politicization of EU issues within national parliaments (Puntscher Riekmann and Wydra, 2013; Wendler, 2014). Parliaments seem to

have become at least somewhat more willing to poke the famous ‘sleeping giant’ (Van der Eijk and Franklin, 2004) when it comes to crisis issues.

Third, with regard to the crisis and to other EU affairs, we can find both, rather active parliaments and scrutiny laggards – and a large field in between. However, an assessment of parliamentary activity depends not only on the level of engagement, but also on the prior definition what this role ought to consist of. If the policy-influencing function is considered most important, the Nordic parliaments perform especially well. With regard to the communication function, many eurozone parliaments are among the more active debaters. Non-eurozone countries – and especially those *preparing* to enter the Eurozone – debate the crisis less often. Given that a majority of their citizens are rather critical of the prospect of adopting the euro (Eurobarometer, 2013), these parliaments seem to prefer keeping the giant sedated by not publicly debating potential dangers and challenges related to the adoption of the common currency.

Due to space limitations, this short contribution did not attempt to explain variation in the level of parliamentary activity more systematically. Institutional capacities in EU affairs, political factors (i.e. Eurosceptical parties in parliament) but also specific macro-economic factors are likely to influence parliamentary activities related to the crisis. We will explore such explanations in a future publication. But the fact remains that there is still a large gap between the strongest and most active parliaments in the EU and the weakest, least active. It is this gap, firmly cemented by the crisis, which is the greatest challenge to parliamentary legitimacy in the EU.

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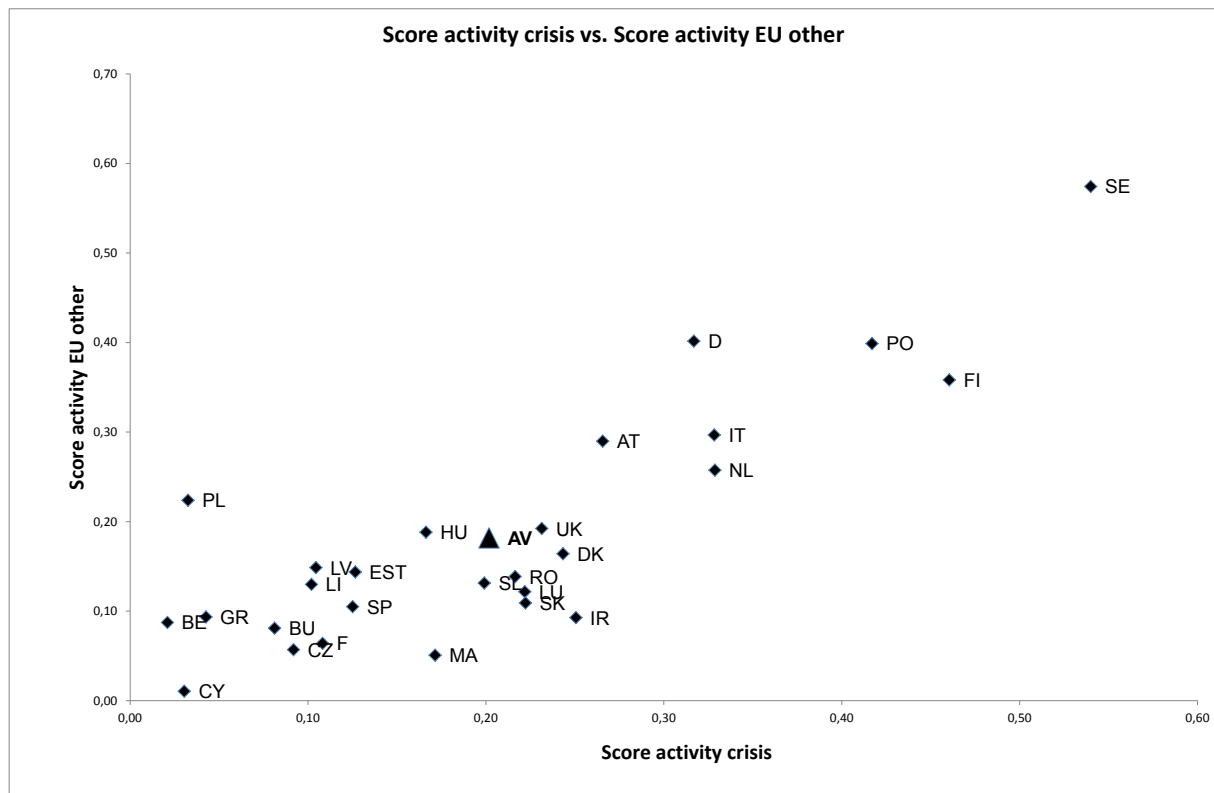
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**Table 1 Descriptive data on crisis-related parliamentary activities 2010-2012**

	<b>Number of plenary debates</b>	<b>Hours of plenary debates</b>	<b>Type of activities Mandates/ resolutions</b>	<b>Reasoned opinions on subsidiarity</b>	<b>Political dialogue opinions</b>
EU 27 crisis activities abs. (av.)	454 (17)	998 (37)	438 (16)	12 (0.4)	89 (3)

*Source:* Authors' data. *Note:* For all activities, the table provides the absolute number of all observations for 2010 to 2012 and the average across all 27 parliaments in brackets.

**Figure 1: Scrutiny of the crisis management – business as usual?**



Source: Authors' data. Notes: AV indicates the average for both scores,  $r(27) = 0.840$ ,  $p < 0.001$ .

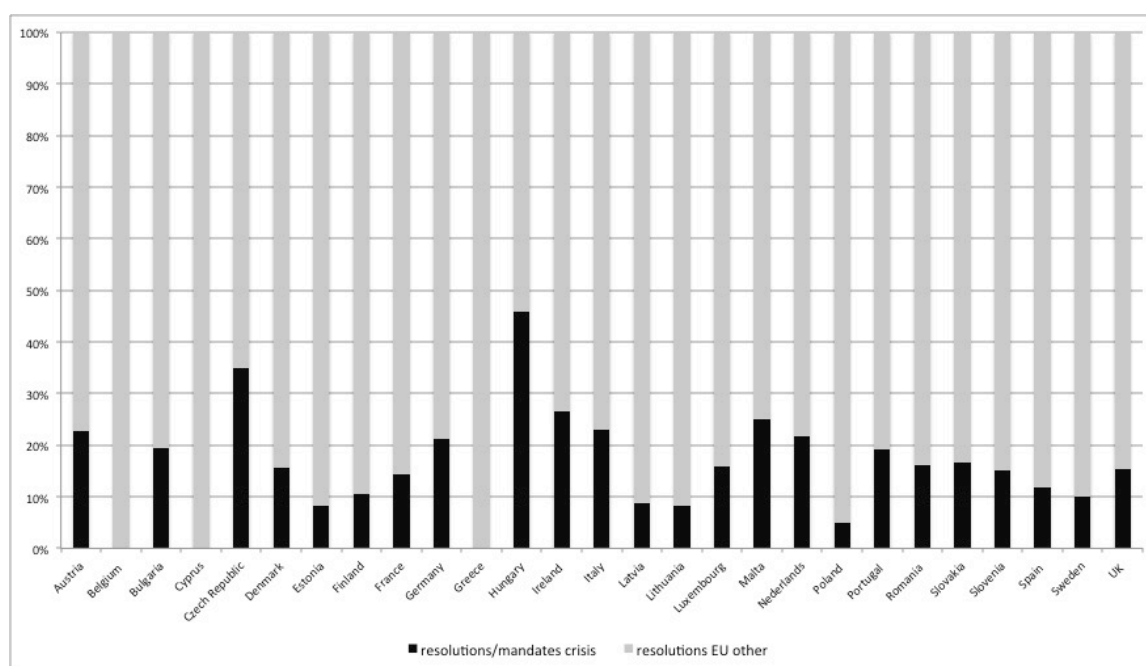


**Table 2: Comparison by Type of Activity**

	<b>Number of plenary debates</b>	<b>Hours of plenary debates</b>	<b>Type of activities Mandates/ resolutions</b>	<b>Reasoned opinions on subsidiarity</b>	<b>Political dialogue opinions</b>
crisis activities abs. (av.)	454 (17)	998 (37)	438 (16)	12 (0.4)	89 (3.3)
other EU activ. abs. (av.)	625 (23)	1106 (41)	2697 (100)	96 (3.6)	713 (26)
all EU activities abs. (av.)	1079 (40)	2104 (78)	3153 (117)	108 (4)	802 (30)
% crisis out of all EU activities	42,1%	47.4%	14%	11.1%	11,1%

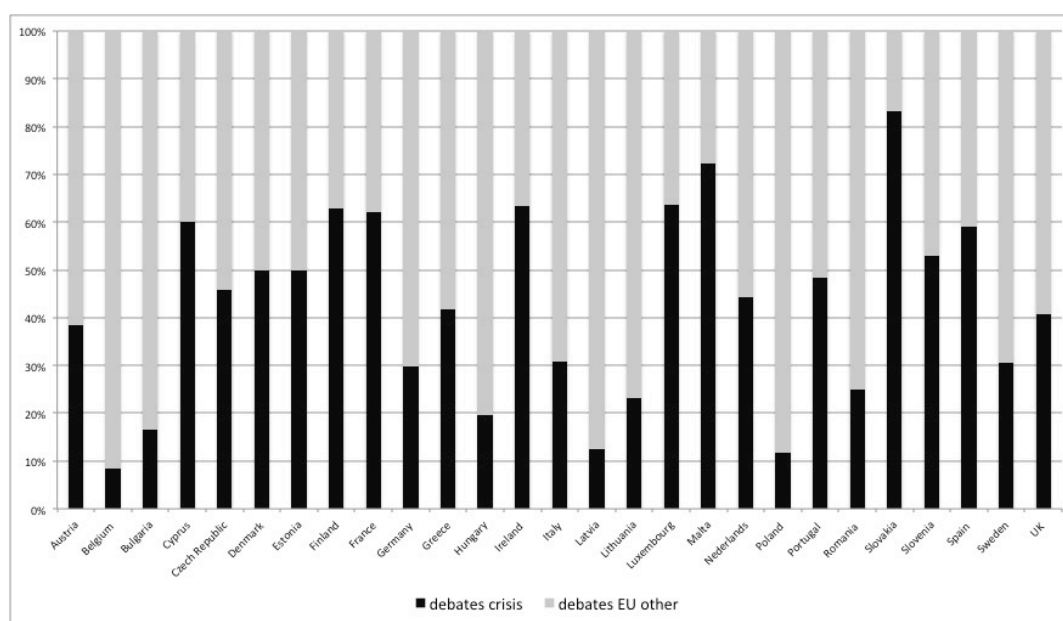
*Source:* Authors' data. *Note:* For all activities, the table provides the absolute number of all observations for 2010 to 2012 as well as the average across all 27 parliaments in brackets.

**Figure 2: Share of resolutions/mandates on crisis issues and other EU issues**



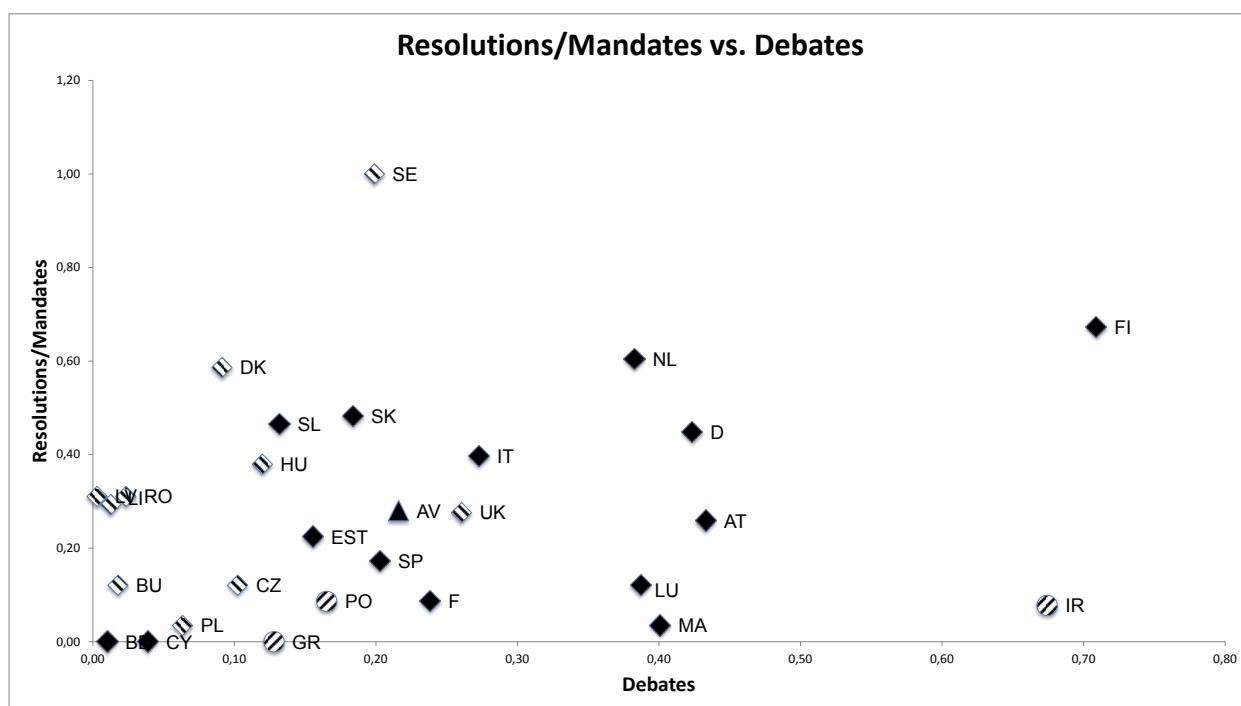
*Source:* Authors' data.

**Figure 1: Share of debates on crisis issues and other EU issues**



*Source:* Authors' data.

**Figure 2: Parliamentary Activities (scores) and Eurozone membership**



Source: Authors' data. Note: Black diamond markers indicate eurozone member states, striped diamond markers non-eurozone member states and circular striped markers debtor countries.