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The Position of National Parliaments within the New EU Economic Governance

Abstract: Recent initiatives in the field of the economic governance and the Economic and Monetary Union, similarly as to treaty revisions, influence the position of national Parliaments in the EU and create an impulse to rethink domestic arrangements for handling EU affairs in individual Member States, as well as to redefine the system of inter-parliamentary co-operation. As a consequence, the discussion concerning the democratic legitimacy of economic governance opens a new chapter in evolution of the role of European national legislatures in the EU. The aim of this article is to present the legal and political aspects of the national Parliaments' position within the new EU economic governance, and assess their ability to ensure democratic legitimacy in the context of their current legal position in the EU.

Introduction

The weak position assigned to national Parliaments was one of the 'original sins' of the European integration process from its beginning. Legitimisation of the Communities was to be ensured by its output, i.e. results arising from successful integration, ensuring tangible benefits for the citizens of Member States. However the Single European Act and then Maastricht Treaty gave rise to concerns over the lack of legitimacy in the EU. This resulted mainly from the rise of euroscepticism in Member States and extension of the scope of integration beyond the internal market. These concerns materialised in the Laeken Declaration, which identified democratic legitimacy as one of the issues requiring debate during the European Convention. The enhanced role of national Parliaments was to be one of solutions to the democratic deficit problem. Consequently, the European Convention came

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up with a package of provisions ensuring the direct involvement of national legislatures in the EU, which was subsequently modified during Intergovernmental Conferences in 2003–2004 and 2007, and endorsed in its final shape in the Lisbon Treaty.

At the same time, the evolution of role of national Parliaments in the EU took place not only on the grounds of treaty provisions, but also within domestic practices and regulations concerning relations between legislatures and executives, as well as in the field of inter-parliamentary co-operation. The Lisbon Treaty gave a boost to efforts by Member States to change their constitutional and statutory laws, including with respect to internal procedures relating to EU affairs in national Parliaments, while also redefining the inter-parliamentary co-operation. All this was supposed to give national Parliaments a greater role in the EU, providing them with direct participation in EU decision making and stricter control over their governments' EU policies.

However, the economic crisis has demonstrated that the mechanisms offered to Parliaments by the Lisbon Treaty are insufficient to grant them a significant voice within the new economic governance system. Measures taken by the EU in the wake of the crisis are based on, *inter alia*, co-ordination of national policies and co-operation outside the framework of EU law, which makes it increasingly difficult for Parliaments to control their governments in the area of economic policy.

At the same time, the European Parliament (EP) is also trying to enhance its position within the European and Monetary Union (EMU) and gain in influence and importance in the future economic governance. What we currently observe is a process of balancing the need for effectiveness, on the one hand, and for enhanced democratic legitimacy in the EU on the other. For national Parliaments this poses new questions and revives old ones. How can Parliaments' role in the new economic governance be ensured in such a way that it is not dominated by the EP? Is inter-parliamentary co-operation enough, or should Parliaments strive for an extension of treaty powers? Is it possible to act collectively on the EU level, or should Parliaments instead concentrate on increasing their control over their own governments?

¹ New economic governance is set of measures, within and outside the EU legal order, adopted by the EU institutions and Member States in response to the economic and financial crisis, which began in 2010. The measures introduce new monitoring systems for budgetary and economic policies and a new budgetary timeline, as well as repair of the financial sector. For more see: http://ec.europa.eu/economy_finance/economic_governance/ and also: http://europa.eu/rapid/press-release MEMO-13-318 en.htm (last visited 20.10.2013).

² See: M. Dawson, F. de Witte, *Constitutional Balance in the EU after the Euro-Crisis*, "The Modern Law Review" Vol. 76(5)/2013, p. 817; S.Fabbrini, *Intergovernmentalism and Its Limits: Assessing the European Union's Answer to the Euro Crisis*, "Comparative Political Studies" Vol. 46(9)/2013, p. 1003.

The aim of this article is to present the legal and political aspects of the role of national Parliaments in the new economic governance system, and to assess their ability to ensure democratic legitimacy within the context of their current legal position in the EU. The analysis will be carried out in four steps. The first section of the contribution will provide the necessary background for further analysis, including a short overview of the role of national Parliaments in the EU in general. Subsequent chapters will be devoted to three fields which are outlined in the first section i.e. the position of national Parliaments in the new economic governance on the basis of current treaty provisions, domestic arrangements in individual Member States, and inter-parliamentary co-operation. It seems that Parliaments' reaction to the new economic governance system will be the next chapter in the evolution of their role in the EU. As a result, there is an ongoing discussion over their position in the EU, which creates both an impulse to rethink EU affairs arrangements in the individual Member States as well as to redefine the inter-parliamentary co-operation.

1. The role of national Parliaments in the EU

To understand the crux of the Parliaments' position in the EU new economic governance, it is necessary to give a short overview of the role of national Parliaments in the EU in general. As indicated above, from the early 1990s it became evident that expanding EU integration required a new approach to legitimacy issues.³ In the Maastricht Treaty this was acknowledged, *inter alia*, by introducing EU citizenship and principle of subsidiarity in the treaties, as well as by annexing to the conference Final Act declarations on the role of national Parliaments in the European Union and on the Conference of the Parliaments. This acknowledgement of the Parliaments' position in EU affairs was a response to the notion of deparliamentarisation, which was perceived to accompany European integration.⁴ Despite the non-binding and general character of the two declarations, they were an important

³ A 'democratic deficit' in the EU is a widely described phenomenon in the literature. See: J. Bowman, *The European Union Democratic Deficit: Federalists, Skeptics, and Revisionists*, "European Journal of Political Theory" Vol. 5(2)/2006, p. 191; P. Craig, G. de Búrca, *EU Law. Text, Cases, and Materials*, Oxford 2011, pp. 149–156; A.Follesdal, S.Hix, *Why There is a Democratic Deficit in the EU: A Response to Majone and Moravcsik*, "Journal of Common Market Studies" Vol. 44(3)/2006, p. 533; J.H.H. Weiler, U. Haltern, F. Mayer, *European Democracy and its Critique. Five Uneasy Pieces*, EUI Working Paper, Robert Schuman Centre, No. 11/1995.

⁴ See: K.H. Goetz, J-H. Meyer-Sahling, *The Europeanisation of national political systems: Parliaments and executives*, "Living Reviews on European Governance" Vol. 3(2)/2008, http://europeangovernance.livingreviews.org/Articles/lreg-2008-2/download/lreg-2008-2Color.pdf

impulse for, on the one hand, intensification of inter-parliamentary co-operation, and on the other, a new wave of institutional and procedural reforms in national Parliaments themselves. Moreover they increased awareness of the role legislatures can play within the EU, and as a result the issue gained more in-depth interest during the next intergovernmental conference in 1997. The Treaty of Amsterdam introduced the Protocol on the role of national Parliaments in the European Union, which dealt with the transmission to Parliaments of consultation documents and European Commission (EC) proposals, as well as the role of the Conference of European Affairs Committees (COSAC).⁵ Although the Protocol constituted an acknowledgement in the treaties of Parliaments' role, it was vague (using imprecise terms such as 'in good time' or 'as appropriate') and still didn't provide for any direct involvement of national Parliaments in EU decision making. Parliaments were still perceived of as principals controlling their agents, i.e. governments, while at the same time being dependent on the information they received from them.

The key event in the evolution of the position of Parliaments in the EU was the European Convention, which came up with a package of provisions ensuring national legislatures' role in the EU. They were then modified during intergovernmental Conferences in 2002–2003 and 2007, and endorsed in their final shape in the Lisbon Treaty. As a result the position of national Parliaments is currently acknowledged in the text of the treaties themselves and additionally in two protocols: on the role of national Parliaments in the European Union (Protocol no. 1), and on the application of the principles of subsidiarity and proportionality (Protocol no. 2).

The role of legislatures is regulated horizontally in Article 12 TEU, which provides that:

'National Parliaments contribute actively to the good functioning of the Union:

a) through being informed by the institutions of the Union and having draft legislative acts of the Union forwarded to them in accordance with the Protocol on the role of national Parliaments in the European Union:

⁽last visited 20.10.2013); J. O'Brennan, T. Raunio, Deparliamentarization and European integration in: National Parliaments within the Enlarged European Union. From 'victims' of integration to competitive actors? eds. J. O'Brennan, T. Raunio, London 2007, pp. 1–23; T. Raunio, National Parliaments and European Integration. What we know and what we should know, ARENA Working Paper, No. 2/2009, p. 15; A. Maurer, National Parliaments in the European Architecture: From Latecomers' Adaptation towards Permanent Institutional Change? in: National Parliaments on their Ways to Europe: Losers or Latecomers? eds. A. Maurer, W. Wessels, Baden-Baden 2001, pp. 49–50.

⁵ Currently Conference of Parliamentary Committees for Union Affairs of Parliaments of the European Union.

- b) by seeing to it that the principle of subsidiarity is respected in accordance with the procedures provided for in the Protocol on the application of the principles of subsidiarity and proportionality;
- c) by taking part, within the framework of the area of freedom, security and justice, in the evaluation mechanisms for the implementation of the Union policies in that area, in accordance with Article 70 of the Treaty on the Functioning of the European Union, and through being involved in the political monitoring of Europol and the evaluation of Eurojust's activities in accordance with Articles 88 and 85 of that Treaty;
- d) by taking part in the revision procedures of the Treaties, in accordance with Article 48 of this Treaty;
- e) by being notified of applications for accession to the Union, in accordance with Article 49 of this Treaty;
- f) by taking part in the inter-parliamentary cooperation between national Parliaments and with the European Parliament, in accordance with the Protocol on the role of national Parliaments in the European Union'

The Lisbon Treaty for the first time granted national Parliaments direct involvement in the decision making process within the EU. As a result legislatures were, to some extent, made less dependent on their national governments with respect to EU affairs.⁶ For the sake of this contribution letters a), b) and f) of Article 12 TEU are of special importance, as they create the basis for Parliaments' involvement in the new economic governance. Nevertheless the limitations of these provisions can at the same time hinder the ability of Parliaments to fully control new initiatives and on-going processes in that field, which will be discussed in more detail in section two.

The evolution of the role of Parliaments in the treaty provisions was also reflected in two other areas. Firstly, changes were introduced in Member States constitutional and statutory provisions concerning national

⁶ For more on the role of national Parliaments after the Lisbon Treaty, see: I. Cooper, A 'Virtual Third Chamber' for the European Union? National Parliaments after the Treaty of Lisbon, "West European Politics" Vol. 35(3)/2012, p. 441; F. Dittgen, Die europapolitische Rolle der nationalen Parlamente nach Lissabon (The European role of national Parliaments after Lisbon), Baden-Baden 2011; M. Gennart, Les Parlements nationaux dans le Traité de Lisbone: évolution ou révolution, "Cahiers de Droit Europeen" Vol. 46(1)/2010, p. 17; P. Kaczyński, Paper tigers or sleeping beauties? National Parliaments in the post-Lisbon European Political System, CEPS Special Report, February 2011; R. Rácz, How Will Change The Role Of The National Parliaments In The European Union With The Entry Into Force Of The Lisbon Treaty?, "European Integration Studies" No. 2(7)/2009, p. 59; as well as Opal Online Paper Series: http://www.opaleurope.org/index.php?option=com_content&view=article&id=76&Itemid=108 (last visited 20.10.2013).

Parliaments' relations with their own governments in EU matters, and changes were also made in the standing orders of Parliaments. Consequently, at the moment the legal basis for co-operation between legislatures and executives in EU affairs can be found in the individual Member States constitutions (inter alia, Article 23e of the Constitution of the Federal Republic of Austria, or Article 88-4 of the Constitution of the French Republic), statutory laws (inter alia, the Polish Act on the co-operation of the Council of Ministers with the Seim and the Senate in matters relating to the Republic of Poland's membership of the European Union,⁷ or the Irish European Union Act 20098), or in the standing orders of each chamber (inter alia, part 12 of the Standing Orders of the Senate of the Czech Republic9 or Articles 36-37bis and 68 of the Belgian House of Representatives' Standing Orders¹⁰). The on-going discussion concerning democratic legitimacy within the new economic governance and the EMU seems to be the next occasion for national Parliaments to evaluate and redress their relations with their governments, which will be discussed in more detail in section three.

Secondly, the treaty changes gave a boost to gradual enhancement of interparliamentary co-operation. Since early 1990s COSAC and Conference of Speakers of the European Union Parliaments (EUSC) have been the leading inter-parliamentary forums in the EU, but other forms of co-operation have also taken place, like meetings of sectoral committees or debates organised by the European Parliament with the participation of national parliamentarians, as well as more technical co-operation within the IPEX platform. Following the entry into force of the Lisbon Treaty, Protocol no. 1 in Article 9 provides that the European Parliament and national Parliaments shall together determine the organisation and promotion of effective and regular inter-parliamentary co-operation within the Union, and Article 10 specifies that COSAC may organise conferences on specific topics, in particular to debate matters of common foreign and security policy, including common security and defence policy. Although it is doubtful if inter-parliamentary

⁷ Ustawa z dnia 8 października 2010 r. o współpracy Rady Ministrów z Sejmem i Senatem w sprawach związanych z członkostwem Rzeczypospolitej Polskiej w Unii Europejskiej (Act of 8 October 2010 on the co-operation of the Council of Ministers with the Sejm and the Senate in matters relating to the Republic of Poland's membership of the European Union), Dziennik Ustaw (Journal of Laws) of 2010, No. 213, Item 1395.

⁸ European Union Act 2009, No. 33 of 2009.

⁹ Jednací řád Senátu, zák. č. 107/1999 Sb.

¹⁰ Règlement de la Chambre des représentants, Moniteur belge du 2 octobre 2003.

¹¹ IPEX – Inter-parliamentary EU Information Exchange supports inter-parliamentary cooperation in the European Union by providing a platform for electronic exchange of EU-related information between parliaments in the Union.

co-operation needs any treaty basis, ¹² this is an indication that such forums are perceived as one of possible forms of parliamentary participation in EU matters. Inter-parliamentary co-operation has also become one of the tools Parliaments try to use for monitoring the new economic governance initiatives, which will be discussed in more detail in section four.

2. EU reaction to the crisis – the legal puzzle and Parliaments' options for control

The economic crisis, which in practice started in 2008, gained prominence in the EU in 2010, when Member States had to face the serious sovereign-debt breakdown in Greece, followed by turbulences in some other Eurozone economies. This course of events led not only to the adoption of 'rescue measures', but also to wider reflection on the architecture of the Economic and Monetary Union and repair of the financial sector. As a consequence, since 2010 a series of steps have been taken to strengthen the EMU. Although their aim is uniform – strengthening economic and budgetary co-ordination for the EU as a whole and for the euro area in particular – their legal character is diverse.

Some decisions were taken within the framework of EU law, like the 6-pack and 2-pack regulations and directive or banking union regulations and other directives (some of them still currently in draft form).

Other aspects of the new economic governance were regulated outside the EU law regime, like Treaty on European Stability Mechanism (TESM), signed by the euro area Member States, the aim of which is to provide financial assistance to its members if such assistance is indispensable for safeguarding financial stability in the euro area as a whole;¹³ and the so-called Fiscal Pact (Treaty on Stability, Coordination and Governance – TSCG), signed by all Member States, except the Czech Republic and the United Kingdom, which aims at strengthening the economic pillar of the Economic and Monetary Union by adopting a set of rules intended to foster budgetary discipline, to strengthen the co-ordination of economic policies, and to improve the governance of the euro area. ¹⁴ Moreover, even within the EU law

¹² Finnish Eduskunta aptly notes, for example, that no treaty provision or statute is needed to establish an inter-parliamentary conference, as such conferences in no way exercise public power, *Statement of the Grand Committee, Banking Union and the Future of EMU*, No. 4/2012, p. 9, http://www.europarl.europa.eu/webnp/webdav/site/myjahiasite/users/malfons/public/week %202013/Contribution%20ECON%20ICM%20Finnish%20Parliament.pdf (last visited 20.10. 2013).

¹³ Treaty establishing the European Stability Mechanism, signed on 02.02.2012.

¹⁴ Treaty on Stability, Coordination and Governance, signed on 02.03.2012.

regime a yearly cycle of economic policy co-ordination, called the European Semester, ¹⁵ is based on EU guidelines and country-specific recommendations, which do not constitute legislative acts as defined in the treaties. In addition, most Member States have taken up obligations within the Euro Plus Pact, ¹⁶ which are non-binding legally, but have political implications and are reflected in the National Reform Programmes and Stability Programmes submitted each year within the European Semester. At the same time however, even though democratic legitimacy and accountability are identified as one of the four blocks of the genuine EMU, ¹⁷ in none of the strategic documents is there a well-thought-out vision of parliamentary involvement in the future EU economic governance. ¹⁸ This can be seen as a significant flaw in this new set of measures, as they relate to very important policy areas, including budgetary policies, which constitute traditional prerogatives of national legislatures.

Hence, leaving for the moment aside arrangements made on the margins of EU law, which will be discussed in section three, national Parliaments face the problem of how to control documents in the field of economic governance within existing treaty provisions. As for the 6-pack and 2-pack or banking union regulations and directives, the case is rather clear. These are legislative acts and their drafts were submitted for Parliaments' scrutiny on the basis of Protocol no. 2.¹⁹ However we should keep in mind that the procedure specified in the Protocol (the so-called 'early warning mechanism') allows national Parliaments to formulate reasoned opinions only concerning infringements of the subsidiarity principle, and not the material aspects of the proposal, principle of proportionality, or its legal basis. This substantially narrows Parliaments' room for manoeuvre.²⁰ Nevertheless national Parlia-

¹⁵ The European Semester is defined in the Regulation No. 1175/2011 of the European Parliament and of the Council of 16 November 2011 amending Council Regulation (EC) No. 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies, OJ 2011 L 306/12.

¹⁶ European Council Conclusions, Annex I, 24–25.03.2011.

¹⁷ Next to integrated financial, budgetary and economic policy frameworks, see: Report by President of the European Council Herman Van Rompuy, *Towards a genuine Economic and Monetary Union*, 05.12.2012.

¹⁸ A Blueprint for a deep and genuine EMU – Launching a European Debate, COM (2012) 777, 28.11.2012; European Council Conclusions, 13–14.12.2012; Towards a genuine..., op.cit.

¹⁹ Except for the Proposal for a Council directive on requirements for budgetary frameworks of the Member States, COM (2010) 523 final, based on the third subparagraph of Article 126(14) TFEU, which was not a draft legislative act.

²⁰ See: F. Fabbrini, K. Granat, "Yellow card, but no foul": The role of the national parliaments under the subsidiarity protocol and the Commission proposal for an EU regulation on the right to strike, "Common Market Law Review" Vol. 50(1)/2013, p. 115; Ph. Kiiver, Early warning system for the principle of subsidiarity: constitutional theory and empirical reality, London 2012, pp. 20–26; Ch. Pennera, Les parlements nationaux dans le système de l'Union Européenne,

ments have used the procedure, as well as political dialogue with the Commission, to express their concerns. Reasoned opinions on individual banking union proposals were issued, among others, by the Swedish Riksdag,²¹ German Bundesrat and Bundestag²² and the Danish Folketing²³, and many Parliaments engaged in political dialogue with the Commission with regard to these proposals. In the case of the 6-pack and 2-pack proposals, Parliaments practically didn't raise subsidiarity issues,²⁴ but political dialogue was used to exchange views with the EC.

A problem arises with the co-ordination mechanisms, which are the core of the European Semester. The latter includes the formulation of and monitoring implementation of the broad economic policy guidelines, adopted on the basis of Article 121 TFEU, and employment guidelines, adopted on the basis of Article 148(2) TFEU, as well as submission and assessment of Member States' stability or convergence programmes and national reform programmes.²⁵ Both, the broad economic policy guidelines and the employment guidelines, are nonlegislative documents, adopted by the Council. The role of the European Parliament is limited to being informed, in the case of the broad economic policy guidelines, and being consulted, in the case of the employment guidelines.²⁶At the same time national Parliaments can't issue reasoned opinions to set of guidelines within the procedure provided for in Protocol no. 2, as it only applies to draft legislative acts. National Parliaments argued that the guidelines adopted under Article 148 should be subject to the subsidiarity check procedure, as they are in fact adopted within special legislative procedure (i.e. with EP consultation), although this is not explicitly indicated in the Treaty text.²⁷

XXIV FIDE Congress, Madrid 2010, pp. 104–108; M. Wyrzykowski, R. Puchta, M. Ziółkowski, *The Role of National Parliaments in the European Union. General Report*, XXIV FIDE Congress, Madrid 2010, pp. 19–21.

²¹ On COM (2012) 511, COM (2012) 280, COM (2011) 453, COM (2011) 452 and COM (2010) 368.

²² On COM (2010) 368.

²³ Ibidem.

²⁴ Two reasoned opinions were tabled on the Proposal for a regulation of the European Parliament and of the Council on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area, COM (2011) 821 final.

²⁵ Article 2a (2) of the Regulation (EC) No. 1466/97 of the Council of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies, OJ 1997 L 209/1.

²⁶ Moreover within European Semester regulation 1466/97 provides for economic dialogue, defined in Article 2-ab, which aims to increase transparency and accountability. It grants information rights to the EP.

²⁷ Note on the Definition of Legislative Acts under the EU Treaties, XLIII COSAC Contribution, 31.05–01.06.2010, OJ 2010 C 207/3, see: http://www.cosac.eu/spain2010/meeting-of-the-chairpersons-of-cosac-4-5-february-2010/e7-noteuk.pdf (last visited 20.10.2013).

The EU institutions didn't agree with such an interpretation.²⁸ This lack of democratic monitoring is all the more troubling given that most national Parliaments still have not worked out how to scrutinise European Semester documents at home (see below). Meanwhile the Council guidelines shape long-term national economic, employment and budgetary policies. Moreover we should keep in mind that according to Article2a (3) of regulation 1466/97, failure to act upon guidance addressed to Member States may result in further recommendations to take specific measures, a warning under Article 121(4) TFEU, or measures under the regulations concerning implementation of the excessive deficit procedure and the prevention and correction of macroeconomic imbalances. From a broader perspective an open question also exists as to how the 'sincere co-operation' principle in Article 4 TEU²⁹ should be applied in the case of such guidelines.³⁰

The above considerations confirm that the procedure provided for in Protocol no. 2 is too narrow to endow Parliaments with significant influence on EU decision making in the context of the economic governance system. This is because Parliaments can issue reasoned opinions only on draft legislative acts and on subsidiarity issues, which leaves a significant field where Parliaments have no legal say. Of course they can table opinions within political dialogue, but this isn't coupled with any treaty-based mechanism which would allow Parliaments to participate in decision making procedures. Legislatures could issue these types of opinions even before the Lisbon Treaty entered into force, as part of the general consultation process. Hence, from the point of view of democratic legitimacy, the scope of the subsidiarity check procedure should be broadened, and/or the guidelines from Articles 121 and 148 made subject to legislative procedure.

²⁸ Reply from the Council on the definition of a 'draft legislative act', 22.03.2010, http://www.cosac.eu/spain2010/ordinary-meeting-of-the-xliii-cosac-30-may-1-june-2010/d9-reply.pdf (last visited 20.10.2013); Reply from the European Commission on the definition of 'draft legislative act', 27.04.2010, http://www.cosac.eu/spain2010/ordinary-meeting-of-the-xliii-cosac-30-may-1-june-2010/e1-eces.pdf (last visited 20.10.2013); Reply from the European Parliament on the definition of 'draft legislative act', http://www.cosac.eu/spain2010/ordinary-meeting-of-the-xliii-cosac-30-may-1-june-2010/e2-epreply.pdf (last visited 20.10.2013).

²⁹ Article 4 TEU provides that Member States shall take any appropriate measure to ensure fulfillment of the obligations resulting from the acts of the institutions of the Union, as well as facilitate the achievement of the Union's tasks and refrain from any measure which could jeopardise the attainment of the Union's objectives.

³⁰ See e.g. L. Senden, *Soft Law in European Community Law*, Oxford 2004, pp. 345–358; J. Zeitlin, *The Open Method of Co-ordination in Action. Theoretical Promise, Empirical Realities, Reform Strategy* in: *The Open Method of Co-ordination in Action. The European Employment and Social Inclusion Strategies*, eds. J. Zeitlin, Ph. Pochet, L. Magnusson, Brussels 2005, pp. 476–483.

3. Options for national Parliaments at home

When considering the position of national Parliaments within EU economic governance on their home turf, three areas need to be considered. First, what are the relations between a parliament and the government with regard to the EU decision making process for legislative acts, i.e., in the case of economic governance, 6-pack and 2-pack or banking union regulations and directives? Here again there are no surprises – Parliaments can exert influence by mandating its government's decisions in the Council The scope and intensity of such influence varies among different Member States. Traditionally the strongest Parliaments are, *inter alia*, the Finnish Eduskunta, the Danish Folketing and the Austrian National Council.³¹

The second, more tricky area, is parliamentary control over the conclusion and implementation of agreements outside the EU law regime i.e. the TESM and the TSCG. They were ratified by individual Member States in accordance with their own constitutional requirements regarding the possibility for national Parliaments to approve (or disapprove) arrangements negotiated by their governments. In most Member States both agreements were ratified as a standard international treaty i.e. with the participation of Parliament. Only in Ireland was the TSCG submitted to a referendum, and in Cyprus the Fiscal Treaty was ratified by an act of government.³² However, the ratification process in some Member States led to rulings by their constitutional courts concerning TESM and TSCG. The most significant of these rulings were the two judgments issued by the German Federal Constitutional Court (FCC) of 19 June 2012 and 12 September 2012.³³ In the former the FCC ruled that

³¹ See: Ph. Kiiver, *The National Parliaments in the European Union: A Critical View on EU Constitution-Building*, Hague 2006; *National Parliaments within the Enlarged European Union. From 'victims' of integration to competitive actors?*, eds. J. O'Brennan, T. Raunio, London 2007; *National Parliaments on their Ways to Europe: Losers or Latecomers?*, eds. A. Maurer, W. Wessels, Baden-Baden 2001; T. Raunio, *National Parliaments and European Integration. What we know and what we should know*, ARENA Working Paper, No. 2/2009.

³² Article 136 TFEU, ESM, Fiscal Stability Treaty – Ratification Requirements and Present Situation in the Member States, May 2013, European Parliament – Directorate General For Internal Policies, 21.05.2013, pp. 5, 7, 12–22.

³³ For the comments on those judgments in the context of national Parliaments' powers see: J. Barcz, Stabilizacja sytuacji finansowej w strefie euro a uprawnienia parlamentów narodowych –wyrok niemieckiego Federalnego Trybunalu Konstytucyjnego z 12.09.2012 r. (Stabilization of the eurozone financial situation and the powers of national parliaments – judgment of the German Federal Constitutional Court of 12 September 2012), "Europejski Przegląd Sądowy" No. 11/2012, p. 4; S.K. Schmidt, A Sense of Déjà Vu? The FCC's Preliminary European Stability Mechanism Verdict, "German Law Journal" Vol. 4(1)/2013, p. 1; M. Wendel, Judicial Restraint and the Return to Openness: The Decision of the German Federal Constitutional Court on the ESM and the Fiscal Treaty of 12 September 2012, "German Law Journal" Vol. 4(1)/2013, p. 21.

international treaties that complement European Union law or otherwise show particular proximity to it are also matters concerning the European Union, as referenced in Article 23 of the German Basic Law, which grants to the Bundestag far-reaching rights of participation and to be informed in EU affairs.³⁴ As a consequence, in its second judgment of 12 September 2012 the FCC underlined, inter alia, that although the information rights of national Parliaments are only mentioned in Article 30 (5) TESM, 35 this does not preclude them from being comprehensively informed. Owing to their budgetary authority, they must bear political responsibility for the financial commitments based on the Treaty establishing the European Stability Mechanism vis-à-vis their citizens with respect to the treaty's further implementation, hence the German Parliament can't be excluded from the flow of information.³⁶ The judgement of 19 June 2012 was also significant for its enhancement of parliamentary control not only over legally-binding international agreements, but also over political commitments made within the EU. More particularly, the FCC ruled that the Federal Government infringed the Bundestag's rights by not informing it comprehensively and at the earliest possible time on the Euro Plus Pact, as the agreement is a 'matter concerning the European Union' within the meaning of Article 23 of the Basic Law and can restrict the legislature's drafting freedom in such areas as, among others, tax law and social law.³⁷

The problems with parliamentary control over agreements concluded outside the EU law regime also gave boost to changes in some Member States laws with respect to the parliament's position vis-à-vis the government. In Germany, for example, the acts on the ratification of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union³⁸ and the Treaty establishing the European Stability Mechanism³⁹ included new guarantees of parliament's rights, thus implementing the above-discussed FCC rulings. Additionally the Act for Financial Participation in the European Stability Mechanism⁴⁰ granted the Bundestag the right of prior approval of

 $^{^{34}}$ Judgment 2 BvE 4/11 of 19.06.2012 – Federal Constitutional Court, Press release no. 42/2012. 19.06.2012.

³⁵ Article 30(5) stipulates that: 'The Board of Governors shall make the annual report accessible to the national Parliaments and supreme audit institutions of the ESM Members and to the European Court of Auditors'.

³⁶ Judgment BVerfG, 2 BvR 1390/12 of 12.09.2012, para. 256–257.

³⁷ Judgment 2 BvE 4/11 of 19.06.2012..., op.cit.

³⁸ Gesetz zu dem Vertrag vom 2. März 2012 über Stabilität, Koordinierung und Steuerung in der Wirtschafts- und Währungsunion, BGBl 2012, II nr 28, p. 1006.

³⁹ Gesetz zu dem Vertrag vom 2. Februar 2012 zur Einrichtung des Europäischen Stabilitätsmechanismus, BGBl 2012, II nr 28, p. 981.

⁴⁰ Gesetz zur finanziellen Beteiligung am Europäischen Stabilitätsmechanismus (ESM-Finanzierungsgesetz – ESMFinG), BGBl 2012, I nr 43, p. 1918.

decisions in the European Stability Mechanism (either by plenary or Budget Committee vote, depending on the character of the decision). Parliament may be engaged even in cases involving confidential matters, when the deliberations or a decision-making process must be kept secret in order not to jeopardise the success of the measure(s) in question. In such circumstances the participation rights are exercised by members of a Special Panel elected from the Bundestag Budget Committee. Moreover the Bundestag and the Bundesrat are granted broad information rights about matters pertaining to the Act. Consequently, the FCC rulings and the granting of new powers *versus* the government in the three acts mentioned led, in July 2013, to amending the Act on Co-operation between the Federal Government and the German Bundestag in matters concerning the European Union.⁴¹

Another example is Austria, where ratification of the ESM led, in July 2012, to amendment of the rules of procedure⁴² and establishment of Standing Sub-Committees of the Budget Committee on ESM Matters.⁴³ The Standing Sub-Committee on Secondary – Market Matters – ESM, may for example authorise the Austrian representative in the ESM to agree to proposals for decisions regarding secondary-market interventions, or to abstain, and without such authorisation the Austrian representative has to reject the proposal up for decision. In addition, the new Italian Act of 24 December 2012 on participation in the EU, implementing Parliament's rights under Lisbon Treaty, places an obligation on the government in Article 5 to consult in relation to financial and monetary agreements, including those concluded outside the EU legal framework.⁴⁴

The third area involves the co-ordination mechanisms provided for in EU law, *inter alia* those governing the European Semester. As already mentioned in the previous section, national Parliaments are not provided in the treaties with influence on documents formulated on the basis of Articles 121 and 148 TFEU, as these are non-legislative acts. For this reason they need to actively co-operate at home with their governments to be informed and then exert influence on the documents adopted within European Semester cycle. In particular, Parliaments could scrutinise: the Annual Growth Survey published by

⁴¹ Gesetz über die Zusammenarbeit von Bundesregierung und Deutschem Bundestag in Angelegenheiten der Europäischen Union (EUZBBG), BGBl 2013, I nr 36, p. 2170.

⁴² Bundesgesetz, mit dem das Bundesgesetz über die Geschäftsordnung des Nationalrates (Geschäftsordnungsgesetz 1975) geändert wird, BGBl. I Nr. 66/2012.

⁴³ Standing Sub-Committee on Secondary – Market Matters – ESM (Ständiger Unterausschuss in Sekundärmarkt-angelegenheiten-ESM) and Standing Sub-Committee on ESM Matters (Ständiger Unterausschuss in ESM-Angelege).

⁴⁴ Norme generali sulla partecipazione dell'Italia alla formazione e all'attuazione della normativa e delle politiche dell'Unione europea (General provisions on Italian participation in the formulation and implementation of EU law and policies), n. 234/2012.

the EC at the end of the year, which constitutes the basis for economic priorities set by the European Council for a given year; national drafts of the Stability and Convergence Programme and National Reform Programme, which in April are tabled to the EC; and draft country-specific recommendations to Member States before they are to be discussed at the Council meetings. These actions may be performed in many parliaments within existing internal procedures, but vast changes are needed to enable effective parliamentary control of the European Semester. It should be noted that Parliaments' rights have been strengthened in some Member States in the context of the new economic governance. In Italy, for example, the law on public accounting has been amended to take into account, inter alia, the European Semester cycle and grant Parliament broad information rights.⁴⁵ In Portugal, the budgetary framework law was amended in 2011 and currently the Stability and Growth Programme is sent to the Assembly of the Republic before its final delivery to the European Council and the EC, and its appraisal by the Parliament is an obligatory procedural requirement.⁴⁶ Similarly in France the multi-year public finance planning act stipulates, in Article 14, that the government transmits the draft Stability and Growth Programme to the Parliament, which debates it and votes.47

Some Parliaments are also considering the introduction of changes in their internal procedures to adjust to the Economic Semester realities. According to the information provided for in the annex to the last bi-annual COSAC report, 48 several parliaments are currently preparing or considering a new European Semester scrutiny procedure (*inter alia*, the Danish Folketing, Lithuanian Seimas, Irish Houses of the Oireachtas, Dutch Eerste and TweedeKamer). The European Affairs Committee and the Finance Committee of the Danish Parliament, for example, issued a report aiming at adapting internal procedures so as to enable parliamentary control of the European Semester. A majority in the committees proposed, *inter alia*, to introduce a joint procedure established by the European Affairs Committee together

⁴⁵ Modifiche alla legge 31 dicembre 2009, n. 196, conseguenti alle nuove regole adottate dall'Unione europea in materia di coordinamento delle politiche economiche degli Stati membri (Amendment to the law of 31 December 2006, no. 196, taking into account new EU rules on the co-ordination of economic policies of Member States), No. 39/2011.

⁴⁶ Lei n.º 52/2011 de 13 de Outubro – Procede à sexta alteração à lei de enquadramento orçamental, aprovada pela Lei n.º 91/2001, de 20 de Agosto (Law no. 52/2011 of 13 October – Sixth amendement to Law no. 91/2001 of 20 August – Budget Framework Law), n. 52/2011.

⁴⁷ Loi n° 2010–1645 du 28 décembre 2010 de programmation des finances publiques pour les années 2011 à 2014, JORF n°0301 du 29 décembre 2010, p. 22868.

⁴⁸ Annex to the Nineteenth Bi-annual Report on Developments in European Union on Procedures and Practices Relevant to Parliamentary Scrutiny: Replies of National Parliaments and the European Parliament, 23–25.06.2013, pp. 76, 89, 101, 216, 271.

with the Finance Committee, a so-called 'National Semester', which would provide for three annual joint consultations with the Government at different stages of the European Semester.⁴⁹

Nevertheless, most parliaments still haven't changed their internal procedures to adapt to the European Semester cycle, which means poor parliamentary control in this area. This however can to some degree be remedied by the enhanced inter-parliamentary co-operation, which, although it can't replace co-operation with the government at home, may motivate the less active parliaments to adjust to the new EU economic governance realities.

4. Inter-parliamentary co-operation

Inter-parliamentary co-operation in the EU has flourished, especially since Treaty of Lisbon entered into force. The new, enhanced position of national Parliaments within the EU made parliamentarians more aware of the European context of their work. Co-operation within parliamentary forums⁵⁰, and especially COSAC, has helped legislatures to adjust to the new rights and obligations resulting from treaty reform.⁵¹ The new economic governance in the EU gave an additional impetus to inter-parliamentary co-operation. In the light of the insufficient parliamentary control mechanisms in the treaties and the often fragmentary co-operation with their national governments, Parliaments try to find their way through the EU economic governance system by establishing mutual relations and exchanging views with the EP. Discussion in the proper forum for debating economic issues has also been taking place within COSAC and EUSC, mainly in connection with the implementation of Article 13 of the TSCG, which stipulates that:

As provided for in Title II of Protocol (No 1) on the role of national Parliaments in the European Union annexed to the European Union Treaties, the European Parliament and the national Parliaments of the Contracting Parties will together determine the organisation and promotion of a conference of representatives of the relevant committees of the European Parliament and

⁴⁹ Report issued by the European Affairs Committee and the Finance Committee on 21 June 2013, *On Consideration of the European Semester by the Danish Parliament*, Report No. 5.

⁵⁰ On the different aspects of inter-parliamentary co-operation within the EU, see: B. Crum, J.E. Fossum, *Practices of inter-parliamentary coordination in international politics: the European Union and beyond*, Colchester 2012.

⁵¹ See especially COSAC co-ordinated subsidiarity checks conducted from 2005 to 2009, and bi-annual reports on developments in European Union procedures and practices relevant to parliamentary scrutiny.

representatives of the relevant committees of national Parliaments in order to discuss budgetary policies and other issues covered by this Treaty.

During debate on the arrangements for such inter-parliamentary co-operation based on Article 13 of the TSCG, some Parliaments opted for the establishment of a new conference,⁵² while others pointed out that existing forums could be used.⁵³ In the end the EUSC decided in April 2013 that a new conference should be arranged, consisting of representatives from national Parliaments of all the Member States and the EP, in particular from the relevant committees.⁵⁴ They proposed to build upon the formula of the Inter-Parliamentary Conference on CFSP and CSDP, established in 2012, and replace the meetings of the Chairpersons of relevant committees organised by each Presidency. The conference is to meet twice a year and be co-ordinated with the European Semester cycle. Each parliament will decide on the composition and size of its delegation.

These arrangements for the conference will be reviewed and discussed in 2015. Nevertheless, based on experiences with existing parliamentary forums, some conclusions can be drawn based on the agreed-upon organisation of the conference. Firstly, each parliament will decide on the composition of its own delegation. This should be assessed positively, as in gives the opportunity for more effective representation, which may consist of MPs from sectoral and EU affairs committees. Secondly, co-ordination with the European Semester will make the conference forum a broader discussion on economic governance, not just matters connected to the TSCG. However, there is no permanent secretariat – the host Parliament will be responsible for providing one, which can be seen as a flaw from the point of view of national Parliaments, as it gives the EP the chance to take a dominant position within the conference. On the other hand such arrangement is more cost-effective, and some parliaments indicate this as an important factor when planning new

⁵² Résolution européenne sur l'ancrage démocratique du gouvernement économique européen, 27.11.2012, http://www.assemblee-nationale.fr/14/ta/ta0048.asp (last visited 20.10. 2013); Working paper of the meeting of the Speakers of Parliament of the Founding Member States of the European Union and the European Parliament in Luxembourg, 11.01.2013, http://www.ipex.eu/IPEXL-WEB/dossier/files/download/082dbcc53b70d1c2013ccdb9a8692a 61.do (last visited 20.10.2013).

⁵³ Letter of the Chairs of EU Affairs Committees to the EUSC, 08.04.2013, http://www.ipex.eu/IPEXL-WEB/dossier/files/download/082dbcc53dbcb6ed013e07d2d31930a6.do (last visited 20.10.2013); Letter of the Speaker of the Riksdag, 08.03.2013, http://www.ipex.eu/IPEXL-WEB/dossier/files/download/082dbcc53d58ebfd013d63a3794a06fa.do (last visited 20.10.2013).

⁵⁴ Within the discussion on arrangements for co-operation based on Article 13 of the TSCG, some Parliaments underlined from the beginning that all EU Parliaments should be involved and not just euro area Member States or signatories to the TSCG.

forms of inter-parliamentary co-operation.⁵⁵ Nevertheless the problem, recognised in the literature,⁵⁶ of co-operation or competition between national Parliaments and the EP remains particularly relevant with respect to the parliamentary dimension of EU economic governance. The EP is very active in promoting its vision of parliamentary involvement in EU economic governance. It takes the view that the EP is the appropriate venue for economic dialogue and co-operation between national Parliaments and the European institutions.⁵⁷ While it acknowledges that national Parliaments should play a more active role in the process and be involved in the discussion of their countries' fiscal and reform plans before their submission to the EU,⁵⁸ it takes the position that the EP must be recognised as the appropriate European democratic forum for providing an overall evaluation at the end of the European Semester.⁵⁹

In line with this approach the EP took the initiative to organise, on 28–30 January 2013, the first parliamentary week of the European Semester, bringing together national MPs and MEPs. Discussions took place within political groupings, specialised committees, and in plenary sessions. The EP President, in his letter to national Parliaments, concluded that the parliamentary week created the opportunity to discuss the various priorities and policies under the European Semester and to exchange best practices, which reinforces the democratic dimension of the Semester at both the national and EU levels.⁶⁰ National Parliaments, however, were less enthusiastic. In their responses, included in the annex to the 19th bi-annual COSAC report, most of them reported little added value in the parliamentary week. They also made some critical comments, pointing out poor organisation, as well as lack of opportunities for real dialogue among parliamentarians and with the presidents of the EU institutions.⁶¹

Differences between the national Parliaments and the EP in their visions of their respective roles within the EU economic governance system were

⁵⁵ Letter of the Speaker of the Riksdag..., op.cit.

⁵⁶ See: R. Grzeszczak, *Parlamenty państw członkowskich Unii Europejskiej (Parliaments of EU Member States)*, Wrocław 2004, pp. 178–190; Ph. Kiiver, *The National Parliaments...*, op.cit., pp. 127–130.

⁵⁷ European Parliament resolution of 1 December 2011 on the European Semester for Economic Policy Coordination, doc. ref. 2011/2071(INI).

⁵⁸ European Parliament resolution of 26 October 2012 on the European Semester for economic policy coordination: implementation of 2012 priorities, doc. ref. 2012/2150(INI).

⁵⁹ European Parliament resolution of 26 October 2012..., op.cit.

⁶⁰ Follow-up letter to the European Parliamentary Week from EP President Martin Schulz, sent to all Speakers of EU national Parliaments, 17.04.2013, p. 1, http://www.ipex.eu/IPEXL-WEB/dossier/files/download/082dbcc53dbcb6ed013e2128cfd74594.do (last visited 20.10.2013).

⁶¹ Annex to the Nineteenth Bi-annual Report..., op.cit., pp. 4, 67, 81, 171.

also reflected during the first meeting of the conference based on Article 13 of the TSCG. The inaugural meeting of the Inter-Parliamentary Conference on Economic and Financial Governance of the EU, held in Vilnus on 16–17 October 2013, ended up in a big row over the arrangements for the Conference. The rules of procedure proposed by the Lithuanian Presidency⁶² were heavily criticised by the EP. The idea that the Conference would replace the parliamentary week of the European Semester could indeed be hard to accept for the European Parliament. The same goes for the proposal of the Presidency that the Conference could adopt conclusions by a majority of three quarters of the votes cast, and not consensus. The EP was one of those to claim that the word 'conclusions' was too strong, and some other form should be adopted for the Conference's concluding document.⁶³ In the end it was decided that the work on the Conference's rules of procedure are to be continued by the working group and finished in 2014.⁶⁴

It remains to be seen how inter-parliamentary co-operation in the field of EU economic governance will work in the future. The difficulty in reaching agreement on the appropriate organisation of the Conference partially results from the wording of the Article 13 TSCG. Valentin Kreilinger pointed out that the provision underwent some serious changes during the TSCG negotiations. In its final version the position of the EP was significantly enhanced and the inter-parliamentary co-operation was linked to the EU Treaties by reference to Protocol no. 1. As a result, the future scope of the co-operation and the role of the EP and national Parliaments is not clear on the basis of Article13 TSCG.⁶⁵ Linked with the general character of the EUSC's decisions of April 2013, this ambiguity may cast a long shadow over inter-parliamentary co-operation in the field of economic governance, and as a result limit the effectiveness of parliamentary control.

Nevertheless national Parliaments need to remember that within the current treaty arrangements inter-parliamentary co-operation is only a supporting mechanism for control exercised over governments domestically. At the same time, while fighting for their position within EU economic governance against the EP as a whole, they also need to remember that they can use

⁶² Draft Rules of Procedure tabled at the Vilnius Conference, 1.10.2013, http://renginiai.lrs.lt/renginiai/EventDocument/0f6147e3-6125-40b9-93d8-edc7c31e085f/EN%20Vilnius%20Draft%20IC-EFG%20RoP.pdf (last visited 20.10.2013).

⁶³ J.Iwaniuk, *Palpable tension between national parliaments and EP*, "Europolitics", 21.10.2013.

⁶⁴ Contribution of the Interparliamentary Conference on EFG, 17.10.2013, http://renginiai.lrs.lt/renginiai/EventDocument/0f6147e3-6125-40b9-93d8-edc7c31e085f/EN%20Contribution%20-%20Vilnius%20IC-EFG.pdf (last visited 20.10.2013).

⁶⁵ V. Kreilinger, *The New Inter-parliamentary Conference for Economic and Financial Governance*, Jacques Delors Institute Notre Europe, October 2013.

co-operation with the European Parliament to voice their concerns and transmit them at the EU level, *inter alia* by non-official relations within political groups.

Conclusions

EU measures to deal with the economic crisis created a completely new arena for action for national Parliaments. Initiatives undertaken by the EU institutions and the Member States went far beyond traditional legislation, and the mechanisms of participation available to Parliaments in the Lisbon Treaty proved to be insufficient. At the same time, no comprehensive vision of the parliamentary dimension of the future EU economic governance was proposed. As a result, in order to ensure their effective involvement Parliaments have had to rethink their position on three levels: EU treaty provisions, domestic arrangements for the scrutiny of EU affairs, and inter-parliamentary co-operation.

On the EU level Parliaments can apply the subsidiarity check procedure from Protocol no. 2, but only for draft legislative acts. Although it was used to scrutinise 6-pack, 2-pack and the banking union regulations and directives, this could provide only a limited influence, as subsidiarity issues were not a great concern in these documents. As a consequence Parliaments had to communicate with the EC through political dialogue in order to voice their opinions on material aspects of those proposals. This led some Parliaments to reflect on the extension and/or deepening of the early warning mechanism, for example by granting political opinions the same status as reasoned opinions. Hence the economic crisis and measures taken in reaction to it have revived debate as to the scope of participation of national Parliaments in the EU decision-making process. 67

With respect to domestic procedures, the EU economic governance initiatives have provoked a new wave of procedural adjustments. Some were

⁶⁶ Ibidem, pp. 4, 80.

⁶⁷ See e.g. Y. Bertoncini, *The parliaments of the EU and the governance of the EMU*, Tribune, Jacques Delors Institute Notre Europe, 11.04.2013; C. Deubner, V. Kreilinge, *The role and place of Parliaments in a genuine Economic and Monetary Union*, Synthesis, Jacques Delors Institute Notre Europe, 17.04.2013; C. Hefftler, W. Wessels, *The Democratic Legitimacy of the EU's Economic Governance and National Parliaments*, Istituto Affari Internazionali Working Papers, No. 4/2013; A. Maurer, *From EMU to DEMU: The Democratic Legitimacy of the EU and the European Parliament*, Istituto Affari Internazionali Working Papers, No. 13/2011; M. Zalewska, O. Gstrein, *National Parliaments and their Role in European Integration: The EU's Democratic Deficit in Times of Economic Hardship and Political Insecurity*, Bruges Political Research Papers, No. 28/2013.

provided for by amendments to laws and changes in internal parliamentary rules of procedure, others were connected to more intensified control of governments on the basis of existing arrangements. Parliaments were, for example, more active in controlling European Council meetings and Euro summits, i.e. forums where key decisions relating to economic governance were taken.⁶⁸ Nevertheless the degree and scope of these changes vary significantly across individual Member States. Thus, national Parliaments' control over economic governance in the EU is still limited in many cases. A remedy to this would be to merge efforts made on three levels: inter-parliamentary co-operation, which, although unable to substitute for effective control at home, may provide Parliaments with information and activate them to exert a greater influence on their governments; finding ways within the EU decision making process; developing effective scrutiny tools domestically. Only a combination of these efforts can give individual national Parliaments a strong position within the EU and, what follows, within the new EU economic governance system.

⁶⁸ C. Hefftler, W. Wessels, *The Democratic Legitimacy...*, op.cit.; V. Kreilinger, O. Rozenberg, C. Hefftler, W. Wessels, *National parliaments: their emerging control over the European Council*, Policy paper, Jacques Delors Institute Notre Europe, 29.03.2013.