

Asymmetric Influence: National Parliaments in the European Stability Mechanism

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Executive Summary

The objective of this doctoral thesis is to identify the determinants of formal parliamentary prerogatives in ESM affairs. The asymmetric involvement of NPs in the European Stability Mechanism illustrates that parliamentary involvement in EU decision-making is not only drifting apart between Eurozone and non-Eurozone Member States, but also within the Eurozone itself (see A.1).

Since the outbreak of the Eurozone crisis in early 2010 the entire governance system of the Economic and Monetary Union has been decisively transformed. From all of the instruments established to tackle the on-going crisis, the European Stability Mechanism has been most intrusive on national parliaments' political and budgetary prerogatives. Liability sums of the ESM can account for more than one third of national annual budgets¹ (see A.2). The receipt of financial assistance is conditional on the ratification of the Treaty on Stability, Coordination and Governance (TSCG) which requires the incorporation of statutory or constitutional mechanisms in order to limit public borrowing. Financial assistance is granted only in exchange for strict conditionality: Furthermore, recipient countries are obliged to sign so-called Memoranda of Understanding (MoU) which require far-reaching structural reforms in nearly all sectors of the economy. The degree of parliamentary involvement in the implementation of these programmes, however, seems to vary across recipient countries.

Against this background this project formulates the following research question: *Why have some parliaments adopted strong participation rights within the European Stability Mechanism while others have not?* Specifically, this project seeks to identify the determinants accounting for parliamentary involvement in ESM affairs (see A.3).

This asymmetry challenges accountability relations within the Economic and Monetary Union. The parliamentary majorities in a few Member States are able to block decisions on the future sovereign aid packages; this distributes the input legitimacy within the Economic and Monetary Union unevenly across its Member States. Furthermore, it politicizes decision-making within an already politically contested governance frame and thus deviates from the idea of EMU as a (primarily) rule-based system.

To operationalize the independent variable, this project inductively gathered information on parliamentary prerogatives in ESM affairs. A questionnaire was distributed to parliamentary representations in Brussels as well as to parliamentary committees in the 18 Eurozone countries under investigation. The investigation was carried out for the time period 2010-2012 and thus covering the beginning of the Eurozone crisis until the eventual ratification of the

¹ Although liabilities and actual expenditures cannot directly be compared, they indicate the enormous amount of money involved in the new rescue mechanism.

ESM treaty. The result of this analysis is a typology of parliamentary involvement in ESM affairs which is more finely detailed than existing studies (see B.1).

Theoretically, the project develops a number of independent variables which are all based on a rational choice logic. These variables assume that parliamentarians have an interest in securing strong parliamentary involvement in ESM affairs in the first place. However, parliamentarians act under the constraint of internal and external factors. These factors include the macro-economic situation of a country, the presence of strong Eurosceptical sentiments, the formal parliamentary prerogatives in EU affairs as well as high political and constitutional requirements to ratify the ESM treaty (see B.2).

Methodologically, the project pursues a mixed-method design (see B.3). It tests the explanatory power of the independent variables in a fuzzy set qualitative comparative analysis (fsQCA). The central assumption of QCA is that most social science phenomena can only be explained with combinations of conditions and not by single independent variables (C.1). In a second step, the project conducts a qualitative case study analysis to take account of country-specific particularities that have not been addressed comparatively in the QCA. Four countries are investigated in detail: Austria and Germany represent donor countries while Ireland and Portugal represent recipient countries of financial assistance (see C.2). 29 expert interviews with parliamentarians and parliamentary administrators have been conducted between May 2012 and March 2015 to validate the findings of the QCA. Data for these independent variables has been acquired from renowned sources such as Eurostat, official statistics from the European Central Bank (ECB), the Eurobarometer or the Chapel Hill Index (2010) (see B.4).

The project comes to the conclusion that countries adopted firm ESM parliamentary prerogatives when they were in a favourable macro-economic situation (as of 2012) and simultaneously possessed strong formal powers in EU affairs. A strong macro-economic situation helps to explain the rational incentives for parliamentarians to opt for strong formal parliamentary involvement in ESM affairs: These countries had (economically) more to lose should the granting of financial assistance be unsuccessful. Strong formal prerogatives in EU affairs explain if these parliaments were (institutionally) capable of transferring these participation rights to the intergovernmental European Stability Mechanism. Only five countries possess far-reaching parliamentary prerogatives in ESM affairs (Austria, Estonia, Finland, Germany and the Netherlands). Weak parliamentary involvement in ESM affairs either results from an unfavourable macro-economic situation, weak formal prerogatives in EU affairs or both. Interestingly, Eurosceptical parties do not seem to have an impact on parliamentary prerogatives in ESM affairs. Although Eurosceptical parties are more likely to demand stronger domestic participation, they have often been in principled opposition to the ESM treaty and therefore unwilling to negotiate stronger parliamentary involvement (see

especially C.2.2). High political and constitutional requirements to ratify the ESM treaty did only exert (an empirically measurable) influence if the governmental majority was depending on the votes of other pro-European parties (see C.1).

The negotiation and implementation of the Memoranda of Understanding was strongly dominated by the executives in recipient countries. Portugal and Ireland had large parliamentary majorities that helped implementing the far-reaching structural reforms demanded in the MoUs. Although Troika representatives regularly visited parliamentary chambers of recipient Member States, these meetings did not give parliamentary party groups an opportunity to co-decide on the content of the programme. These discussions regularly took place between the national governments and Troika representatives. Only the Constitutional Court in Portugal occasionally slowed down the implementation of the MoU (see C.2).

The asymmetric dispersion of parliamentary influence has consequences for the future management of the crisis. Input legitimacy – in the form of stronger parliamentary involvement in ESM affairs – exists in less than a third of EMU Member States. This only marginally increases the overall democratic legitimacy of the European Stability Mechanism. Output legitimacy – in the sense of a successful management of the crisis – is also unevenly distributed and subjected to an on-going political debate. Although sovereign aid packages have consistently been approved by those parliaments entitled to vote, parliaments must not always act as vicarious agents of their governments. Decisions on redistributive policies will necessarily be politicized. Executive representatives must therefore pay attention to the political mood within their nationally elected chambers.

Narrow majorities and a high degree of politicization in the forefront of national elections can therefore have a decisive impact on the management of the crisis. The cumbersome negotiations leading to the third bailout programme for Greece in August 2015 foreshadow these future political conflicts.

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List of Abbreviations

BVerfG	Bundesverfassungsgericht
BV-G	Bundes-Verfassungsgesetz (Austria)
BZÖ	Bündnis Zukunft Österreich (Austria)
CCM	Configurational Comparative Methods
CDS-PP	Centro Democrático e Social – Partido Popular
CDU	Christlich Demokratische Union (Germany)
Cs-QCA	Crisp-Set Qualitative Comparative Analysis
CSU	Christlich Soziale Union (Germany)
CSV	Christian Social People’s Party (Luxembourg)
CJEU	Court of Justice of the European Union
EAC	European Affairs Committee
EB	Eurobarometer
EBA	European Banking Authority
ECB	European Central Bank
ECOFIN	Economic and Financial Affairs Council
EDP	Excessive Deficit Procedure
EFSF	European Financial Stability Facility
EFSM	European Financial Stability Mechanism
EIB	European Investment Bank
EMU	Economic and Monetary Union
EP	European Parliament
ESM	European Stability Mechanism
ESMFinG	Gesetz zur finanziellen Beteiligung am Europäischen Stabilitätsmechanismus
EU	European Union
EWM	Early Warning Mechanism
EUZBBG	Gesetz über die Zusammenarbeit von Bundesregierung und Deutschem Bundestag in Angelegenheiten der Europäischen Union
FDP	Freie Demokratische Partei (Germany)
FPÖ	Freiheitliche Partei Österreichs
Fs-QCA	Fuzzy Set Qualitative Comparative Analysis
FTT	Financial Transaction Tax
GDP	Gross Domestic Product
GG	Grundgesetz (German Basic Law)
HoSoG	Heads of State or Government
IMF	International Monetary Fund
IPC	Inter-Parliamentary Cooperation
KDH	Christian Democratic Movement (Slovakia)
KKE	Communist Political Party (Greece)
MIP	Macro-economic Imbalance Procedure
MoU	Memorandum of Understanding
MEP	Member of the European Parliament
MP	Member of Parliament
Mv-QCA	Multi-value Qualitative Comparative Analysis

NP	National Parliament
QCA	Qualitative Comparative Analysis
OMT	Outright Monetary Transactions
OPAL	Observatory of Parliaments after the Lisbon Treaty
ÖVP	Österreichische Volkspartei
PASOK	Panhellenic Socialist Movement (Greece)
PCP	Portuguese Communist Party
PEV	Green Party (Portugal)
PNL	National Liberal Party (Romania)
PS	Partido Socialista (Portugal)
PSD	Partido Social Democrata (Portugal)
PVV	Party for Freedom (Netherlands)
QMV	Qualified Majority Voting
SDKU-DS	Slovak Democratic and Christian Union-Democratic Party
SNS	Slovak National Party
SPD	Sozialdemokratische Partei Deutschlands
SPÖ	Sozialdemokratische Partei Österreichs
SGP	Stability and Growth Pact
S&P	Standard & Poor's
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union
TSCG	Treaty on Stability, Coordination and Governance
UMP	Union pour un mouvement populaire
USA	United States of America
VVD	Volkspartij voor Vrijheid en Democratie (Netherlands)

A. Introduction

Loss of sovereignty may be an abstract notion, but this week Irish people were confronted with what it means in reality. Revelations that draft proposals for the Irish December budget had been circulated in a German parliamentary committee were met with horror in Ireland (The Guardian Online 2011).

In November 2010, Ireland was the first country to request financial assistance of a newly created rescue mechanism – the European Financial Stability Facility (EFSF).² Henceforward, the Irish Parliament had to agree to a so-called Memorandum of Understanding (MoU) and had to regularly present its draft budgets to its international financiers in advance. The European Commission, representing Eurozone creditors as part of the so-called ‘Troika’³, was legally required to turn over the draft Irish budget to the Eurozone finance ministers for prior approval. German guidelines for the participation in the EFSF foresaw that this information was handed over to the German budgetary committee. As a consequence, the draft Irish budget was submitted to the German Bundestag before it was presented to the members of the Irish Oireachtas⁴. The Irish Finance Minister described this incident as “disappointing” while the opposition Fianna Fáil labelled it “incredible” (Financial Times 2011).

The asymmetric involvement of national parliaments (NPs) in the newly created rescue mechanisms – especially the strong involvement of some parliamentary chambers – therefore creates a double-dilemma: Prior parliamentary approval in some countries potentially slows down decision-making procedures. Simultaneously, it undermines democratic prerogatives of other elected chambers.

How is it possible that a national parliament – whose key prerogative is the scrutiny and approval of its national budget – is side-lined by other, non-national actors in such a significant way? Is that the reality of a programme country, as some Irish commentators had submissively stated? Or does this incident exemplify the asymmetric impact of the financial and debt crisis on national parliaments, making parliaments from economically strong countries stronger, while those from financially stricken Member States are marginalised in the course of events?

² Financial assistance was provided together with additional funding by the IMF, the EFSM and loans from some non-Eurozone countries.

³ Upon request of the newly elected Greek government (2015) the Troika is called ‘The institutions’ since 2015.

⁴ Oireachtas is the name of the bicameral Irish parliament, composed of the lower house (Dáil Éireann) and the upper house (Seanad Éireann).

A.1 State of the Art: National Parliaments in EU Affairs

The objective of this dissertation is to explain the varying patterns of national parliaments' influence on policy-making in the Economic and Monetary Union (EMU). Specifically, this project addresses the puzzle that some parliaments adopted strong participation rights within the newly created European Stability Mechanism while others delegated these tasks (nearly) exclusively to their governments.⁵

Variation in parliamentary ESM involvement is, however, not only concerned with the issuing of financial assistance. Countries receiving financial support are stepping-out guarantors within the ESM and do consequently not possess formal participation rights in granting loans or debt guarantees to other countries. They must, however, implement so-called memoranda of understanding. The negotiations of the MoUs are dominated by the executives of these countries, marginalising the role of national chambers therein. Nonetheless, parliaments of recipient countries must implement the conditions of the MoUs. The degree to which these conditions are intrusive on parliamentary prerogatives, i.e. how explicitly they demand reforms in certain policy fields, seems to vary between programme countries (Ladi 2014: 195).

The literature on national parliaments has so far not paid much attention to the varying parliamentary influence within the newly created rescue mechanisms. Many commentators nonetheless agree that this “crisis [is] not just an economic crisis but a crisis of political legitimacy” (Laffan 2014: 271). This makes parliamentary prerogatives within the ESM an important object of research.

The following sub-chapter briefly reviews the literature on the role of national parliaments in EU affairs (for a comprehensive overview I recommend Hefftlar, Rozenberg 2015, but also Goetz, Meyer-Sahling 2008 or Raunio 2009). This debate is not new. The European integration process was long characterised by a so-called “permissive consensus” (Lindberg, Scheingold 1970: 41) assuming that there was no notable opposition towards the integration process as long as implications for the people remained negligible. To some degree, the assumption of a permissive consensus devalues the alleged political struggles over European integration in the first decades of the integration process. The ‘friendly disinterest’ of quiescent national publics is nonetheless an appropriate description of the first decades of European integration. It may also explain the subordinate role of national parliaments in this period. This pattern has, however, changed and public approval rates for the European Union have recently declined (Torreblanca, Leonard 2013). Attitudes towards European integration developed from a permissive consensus to a constraining dissensus: “Elites, that is, party

⁵ The German Bundestag, for instance, must give its approval to each financial tranche (of already adopted sovereign aid packages) within the ESM (§5(2) ESMFinG) while the Slovakian parliament is only informed about its activities, but has no further say (for a detailed description see B.1).

leaders in positions of authority, must look over their shoulders when negotiating European issues” (Hooghe, Marks 2008: 2).⁶ Despite growing resistances, however, European integration has so far proceeded largely unchallenged, especially in the Economic and Monetary Union.

A critical legitimacy discourse started, at the latest, with the ratification of the Maastricht Treaty in the early 1990s (see among others Wimmel 2009: 182). In this debate, the role and position of national parliaments in the EU political system occupied a prominent place. The failed referenda on the Maastricht Treaty in Denmark as well as its razor-thin approval in France signalled that European integration had entered a new phase of political contestation which Bellamy and Castiglione labelled the “normative turn” (Bellamy, Castiglione 2003: 8). Lowering approval rates for the European integration project as well as the electoral successes of Eurosceptical parties indicate a trend that was reinforced with the 2004 EU enlargement, the debate on the Constitutional Treaty (2005) and, especially, the outbreak of the Eurozone crisis from 2010 onwards. Furthermore, the German as well as the Danish Constitutional Court ushered judicial reviews to assess the constitutionality of European treaties. Therewith, the conferral of powers to the EU received a strong legal dimension (although the debate on the ‘democratic deficit’ goes beyond narrowly defined legal aspects of the integration process). Given the democratic deficiencies of the composition of the European Parliament, the anomalous distribution of power between European institutions or the insufficient democratic legitimacy of the European Commission – any improvement of the EU’s democratic constitution must, as it seems, strengthen the supranational dimension of the European polity. In the light of increasing public discontent, however, “correcting the democratic deficit of the EU becomes a project of squaring the circle” (Tömmel 2012: 287).

This is one reason why the empowerment of national parliaments appeared as a way out of this dilemma. Already the Laeken Declaration from 2001⁷ mentioned the inclusion of national parliaments in the EU polity as central priority of future treaty reforms. The Lisbon Treaty eventually states in Article 12 TEU that “parliaments contribute to the good functioning of the European Union” and then adds a list of what these ‘contributions’ are. Interestingly, the article does not state that parliaments *should* contribute to the good functioning of the Union. Deliberately, the wording neither indicates a request or an obligation. The formulation of the entire article 12 is therefore slightly misleading since it appears that NPs contribute to the good functioning of the Union in any case, and that they only contribute by the means expressly listed in the remainder of the article. This article is most often used to highlight the

⁶ Some authors link the growing resistances towards the EU to its unfinished political entity (de Wilde, Trezn 2012, 542). Others emphasize the so-called public communication paradox (Gaber 2009): the more the EU becomes the subject of a public debate, the more the EU polity is contested.

⁷ The Maastricht and Amsterdam Treaty already included protocols mentioning national parliaments and the principle of subsidiarity. Since Lisbon, the role of national parliaments is for the first time mentioned in the TEU (Art. 10 on the ‘provisions on democratic principles’).

upgraded role of national parliaments in EU primary law. For Kiiver, its formulation “has been made too hastily and thus a tad sloppily. [...] It would therefore be pragmatic to treat this first sentence of Article 12 TEU as a declaratory stand-alone provision [...]” (Kiiver 2012: 6). But if this article is indeed a declaration only, which role should national parliaments actually play in the EU political system?

Which role should national parliaments play in the EU political system?

The normative underpinning of most studies dealing with the role of national parliaments in the EU system is that their involvement constitutes ‘something positive’. As the argument goes, national parliaments can give additional legitimacy to decisions taken at the European level. I distinguish three major types of NPs’ involvement without having the intention to provide a full picture, and knowing that more sophisticated concepts of parliamentary involvement exist (see for instance Heffler et al. 2015; Wessels et al. 2013). First, the involvement of national parliaments can *counterbalance* the increasing influence of supranational EU institutions. It can thus help to establish a safety belt against a further centralisation of EU politics (Cameron 2014). In this conception, a strengthening of NPs aims at restricting EU influence on national politics. National parliaments give their explicit approval to each conferral of powers to the EU level⁸ and ensure that EU institutions act within their limit of competences⁹. Democratic legitimacy is thus primarily based on respecting the delineation of these competences, guaranteeing that the Member States remain the “Master of the Treaties” (German Constitutional Court 1993). Second, and adding to this perspective, national parliaments can also *cooperate* with the European Parliament (see for instance Neunreither 2005) in order to *control* the Council and the European Council which cannot be held accountable individually (Lord 2008). Recent theoretical contributions regard this form of cooperation as constitutive for a “multilevel parliamentary field”. Crum and Fossum argue that the EU is not a classical, monocentric system of governance: “There is [...] no single institution, and not even a single level, within the EU that can be seen as the centre where sovereignty is embodied” (Crum, Fossum 2009: 256). Within this perspective, the

⁸ The concrete parliamentary involvement to modify EU primary law varies over countries. In some political systems, such as Ireland, any change of the constitution requires a public referendum.

⁹ Gerken and Herzog criticized the Court of Justice of the European Union (CJEU) for the systematic infringement of its competences – despite a clear demarcation of competences in the EU treaties: “In assigning the ECJ with comprehensive rights of decision-making, the assumption was that they could be trusted to take on this responsibility in an unbiased way and in compliance with the rules of the judiciary. If the ECJ abuses this confidence, it need not be surprised when it breaks down” (see Gerken, Herzog 2008). Other authors equally emphasize the exceptionally strong powers of the CJEU compared to other national constitutional court (Scharpf 2009: 249). Adding to this, the CJEU is often accused of pursuing a neoliberal policy agenda that systematically disadvantages organised variants of capitalist systems over liberal models of market economies (see among others Höpner, Schäfer 2010; Höpner 2010).

cooperation between the EP and national parliaments is thus a logical consequence of the ‘*sui generis*’ character of the EU political system. Or third, the role of national parliaments is limited to the control of their own national government activities at the European level (see for instance Crespo 2012). This role potentially overlaps with the other two; the emphasis in the third model lies, however, on an exclusive national control of EU affairs via the national government.

Auel has spelt out in more detail the normative added value of parliamentary involvement in EU scrutiny (Auel 2007; but also Benz 2004). The starting point is a two-folded principal-agent relation between the voters and the parliament on the one side, and the parliament and the national government on the other. In this model, national parliaments constitute the link between voters and their governments. They act as the agents towards the electorate, and as the principal towards the national government (see also Karlas 2012; Saalfeld 2005; Wimmel 2009). It is through the national parliaments’ public monitoring and political scrutiny that voters can be informed about EU politics. In this conception – and in line with assessments of prominent scholars of parliamentarism of the 19th century (see Bagehot 1867) – the role of parliaments is not restricted to a policy-making function, but one of their primary tasks is to communicate with the citizens (see also Norton 1993).

Many studies so far stated, however, that NPs are neither very active in scrutinising their national governments, nor do they possess strong formal participation rights to do so. On various occasions, they were described as “institutional Cinderellas” (Dinan 2012: 85), “sleeping beauties” (Matarazzo, Leone 2011), “latecomers” or even “losers” of the EU integration process (Maurer, Wessels 2001). These assessments have been called into question in recent years (Auel, Benz 2005), arguing that national parliaments have – by now – learned “to fight back” (Raunio, Hix 2000). At the heart of most comparisons of parliamentary influence are the national scrutiny systems of EU affairs (Auel 2007; Bergman 1997; Karlas 2012; Raunio 2005; Winzen 2012): in how far can parliaments legally bind their ministers in Council negotiations? What kind of information rights do they possess? Can they make use of scrutiny reserves (see for instance Rasmussen 2012: 104)? Can they use parliamentary debates to hold governments publicly accountable? There is considerable variation regarding the formal prerogatives of parliaments (Karlas 2012; see especially Raunio 2005) and the actual use of these powers (see especially Auel 2007, but also Pollak, Slominski 2003).

These conventional (national) scrutiny systems of EU affairs can, however, not account for the particular challenges that arose with the outbreak of the Eurozone crisis. As will be outlined later, the ESM (as well as the EFSF) has been established outside the EU legal framework. When handled as foreign policy, national parliaments have on average significantly fewer participation rights. Foreign policy was and still is largely the domain of

the executive. Laws regulating the relation between the government and the parliament in EU affairs do therefore not necessarily apply. This loss of parliamentary autonomy applies independently of whether a country is a donor or a programme country within the European Stability Mechanism (although there is considerable variation in degree). As Scharpf notes, European Council resolutions or ECOFIN agreements increasingly have a take-it-or-leave-it character “that no member-state parliament [...] [can] afford to reject” (Scharpf 2012: 25). Efforts to strengthen the role of national parliaments by the Lisbon Treaty have therefore partly been thwarted with the outbreak of the crisis. Empirical evidence indicates that parliamentary participation during the management of the crisis was subject to variation (see for instance Benz 2013). Some parliaments have been (formally) strengthened while others have lost further influence (on the strengthening of the German Bundestag see Höing 2013).

The legal basis of parliamentary involvement in EU affairs

To understand this development, it is necessary to have a closer look at the legal basis from which parliaments derive their say in EU policy-making. I distinguish three types of legal bases. The first is uniformly derived from European Treaties, i.e. EU primary law. The second type is derived from the domestic provisions to scrutinise EU affairs in parliament. And the third type – which this dissertation intends to develop – is concerned with the budgetary competences of national parliaments within the European Stability Mechanism. This study is consequently restricted to parliaments of the Eurozone.

In the first category, based on *EU primary law*, studies looked for ‘the one’ role that parliaments can play in the EU political system (see among others: Cooper 2006; Kiiver 2012; Raunio 2011). In this perspective, the Lisbon Treaty can be regarded as a milestone for the role of parliaments in the European Union since the treaty explicitly intended to upgrade their role and to become a “treaty of parliaments” (Lammert 2009). Essentially, any assessment derived from EU primary law assumes that all national parliaments are affected to the same degree: The inclusion of the subsidiarity principle in the Maastricht Treaty, the protocol on the role of national parliaments in the Amsterdam Treaty as well as the newly established so-called Early Warning System (Lisbon Treaty)¹⁰ demonstrates the formal strengthening of NPs in EU primary law. The extension of qualified majority voting (QMV) in the Council, on the other side, makes it increasingly difficult for NPs to effectively control their own

¹⁰ According to de Wilde, the subsidiarity check should be left to the judiciary and not to national parliaments. Essentially, the EWS causes “opportunity costs in terms of time, money and manpower spent by national parliaments writing reasoned opinions that could have been spent on communicating with citizens” (Wilde 2012: 18). De Wilde thus fears that the EWS further narrows down the already marginal role of national parliaments in this regard. Activities within the EWS have decreased considerably from 2014 onwards.

governments in the EU decision-making processes.¹¹ Essentially, however, all national parliaments are affected to the same degree. Powers derived from EU primary law reveal consequently little about how parliaments exercise influence vis-à-vis their own governments and can consequently not explain variation in scrutiny activities.

Academic contributions have consequently also focused on the internal organisation of parliaments and how they influence EU policy-making *domestically*, i.e. vis-à-vis their governments (see for instance Auel et al. 2015; Maurer, Wessels 2001; O’Brennan, Raunio 2007). These formal participation rights are derived from national regulations (such as secondary or statutory law, the constitution or parliamentary rules of procedure). A number of studies have been published that do not only look at formal powers, but also on how they are exercised in a specific context (Auel 2006; Matarazzo, Leone 2011; Pollak, Slominski 2003). One major finding is that parliaments have varying formal powers and are using these formal powers to different degrees.¹² One major explanation for the often observed non-involvement of national parliaments is the lack of incentives for MPs to invest their scarce time in the scrutiny of EU affairs (Saalfeld 2005). The low salience of EU topics therefore hampers an encompassing parliamentary involvement. However, other studies have demonstrated that NPs decisively improved their EU scrutiny mechanisms (Raunio, Hix 2000) and that especially the establishment of European Affairs Committees has contributed to this development (Bergman 1997).

A.2 Relevance: Budgetary Competences as an Own Category of EU Influence

These classifications do still not take the budgetary competences of national parliaments in the new rescue mechanisms into account. This, however, has gained political relevance during the crisis.

In October 2011, a European Council summit had to be postponed because the German Bundestag did not have sufficient time to deliberate on a reform of the European Financial

¹¹ This view is contested. O’Brennan and Raunio rightly point out that there has never been a “golden age of parliamentarism” before “the EU cast its long shadow over national politics” (O’Brennan, Raunio 2007: 8). In fact, compared to developments in domestic politics, there is a remarkable resilience of national parliaments in the European context. Power shifts in executive-legislative relations are mainly based on explicit institutional decisions (such as successive Treaty amendments) (Auel, Höing 2015).

¹² This strand of literature increasingly takes the role of national parliamentary administrations into account (Christiansen et al. 2013). A number of national parliaments have recently reformed their administrations and internal procedures to better scrutinise EU affairs. Also, academic contributions on inter-parliamentary cooperation (IPC) have recently enriched this field of research (Crum, Miklin 2011; Heffler, Gattermann 2015; Miklin 2013). Conditions for inter-parliamentary cooperation are specified in EU primary law as well as in domestic provisions. However, it is the domestic context in which financial resources for inter-parliamentary meetings are provided.

Stability Facility (EFSF). As foreseen in the German regulations accompanying the EFSF, the Chancellor needed a prior mandate from the Bundestag for agreement. The German EU Commissioner Oettinger was enraged by this incident and warned: "If such a difficult parliamentary process takes place in the 16 other euro countries, or even in the Triple-A (rating) countries, Europe will no longer be sufficiently capable of taking action" (Spiegel Online 2011).

Germany is not the only country with such far-reaching participation rights in the rescue mechanisms. Therefore, and in contrast to former studies, this doctoral thesis argues that budgetary competences – the key prerogative of national parliaments – must be treated as its own category in order to comprehensively assess parliamentary influence in EU, and specifically EMU, policy-making. These competences are not merely a sub-category of parliamentary influence derived from domestic provisions to scrutinise EU affairs. They constitute evidence for parliamentary powers not only drifting apart *between* Eurozone and non-Eurozone countries, but also *within* the Eurozone itself. Table 1 illustrates this argument.

Table 1: Various forms of parliamentary influence in EU decision-making

Powers derived from <i>EU primary law</i>	Powers derived from the <i>domestic setting</i>	Powers related to <i>budgetary questions (ESM)</i>
<ul style="list-style-type: none"> • Ratification of treaty changes • Early Warning System • References in EU primary law • Implementation of EU directives • (IPC) 	<ul style="list-style-type: none"> • The right to give (binding) mandates to the minister • The possibility of scrutiny reserves • The control of European Council meetings • (IPC) • Parliamentary Debates 	<ul style="list-style-type: none"> • Decision on sovereign aid packages and tranches of financial assistance • Information rights • Delegation of competences within the parliament
<p>All parliaments are affected to the same degree; regulated in primary law.</p>	<p>Varying degrees of influence among the MS; regulated in constitutional and statutory provisions.</p>	<p>Varying degree of influence among the 18 Eurozone MS; regulated in the accompanying provisions of the ESM treaty.</p>

Source 1: (Höing 2013), with some modifications.

While parliamentary influence within the first category (based on EU law) is equal in all EU parliaments, the second column shows the conventional differentiation of parliamentary influence in national settings (based on national provisions for domestic participation). The

(new) third column looks at participation rights in the newly created rescue mechanisms. Powers in this column only apply to the 18 Eurozone parliaments under investigation.¹³

I understand powers related to budgetary authority as formal prerogatives conferred to parliaments within the European Stability Mechanism. Criteria are votes on sovereign aid packages (respectively on the release of financial tranches therein), information obligations of the government and the potential delegation of decision-making powers to specialised committees within the parliament (for a detailed outline of this argument see B.1). The degree of national parliaments' involvement in the ESM affects the speed and arguably the effectiveness of the current crisis management. Former Italian prime minister Mario Monti proposed that national governments should be more independent from their parliaments in the management of the crisis (Spiegel Online 2012b). Due to diverging parliamentary traditions, the necessity of parliamentary involvement is often differently assessed in European Member States (see Münkler 2012). Effectiveness and democratic legitimacy therefore form a field of tension that gained relevance with the outbreak of the current crisis.

Scientifically, a cross-country comparison of parliamentary involvement across all Eurozone parliaments in the newly established rescue mechanisms is still missing. The ruling of the German Bundesverfassungsgericht (German Constitutional Court, *BVerfG*) on the EFSF in 2011 demonstrates the relevance of parliamentary prerogatives in the newly established rescue mechanisms:

The decision on public revenue and public expenditure is a fundamental part of the ability of a constitutional state to democratically shape itself (see German Constitutional Court 2011, par. 122).¹⁴

According to the German Constitutional Court, a loss of parliamentary control in budgetary questions potentially constitutes a breach of democratic principles. The European Treaties do not foresee that decisions on revenues and public expenditures are taken at the EU level. The German Basic Law stipulates that political will formation takes place through the elections to the German Bundestag (Art. 38 German Basic Law, *Grundgesetz* (GG)). The European Parliament – which is not involved in the day-to-day policy-making of the ESM – is only regarded as a supplement to the German Bundestag, but does not possess sufficient democratic legitimacy to replace it in core policy fields (see for instance Kiiver 2010). The same applies to national executives who derive their legitimacy from the chambers that elect them. According to the *BVerfG*, democratic legitimacy is therefore primarily rooted in the

¹³ Lithuania adopted the Euro in 2015. It is not part of the analysis. However, Latvia (which joined in 2013) has been included.

¹⁴ These arguments are not restricted to the German discourse. The former president of the EAC in the French Assemblée Nationale remarked during the ratification debate: "La convergence budgétaire ne vaudra que si elle est expliquée à nos concitoyens et si ces derniers ont le sentiment que leurs représentants élus ont leur mot à dire, notamment les parlements nationaux" (Pernin 2012).

nation state (Beck 2011: 475). As a consequence, any automatism to grant financial assistance – without approval of (nationally) elected chambers – is unconstitutional.

Only a few studies compile information on basic parliamentary participation rights within the new rescue mechanisms. One notable exception is a study from the Deutsche Bank Research that collects data on parliamentary participation rights within the EFSF mechanism (see Heinen, Theiss 2011). It is, however, not embedded in a scientific context, i.e. the question why some parliaments opted for strong participation rights is not addressed. The objective of this doctoral thesis is to fill this gap by looking at the determinants that explain parliamentary involvement in this new field.

A.3 Research Question

Given the growing constraints, it is necessary to ask what choices are left within the control of domestic government. In other words, what are the emerging politics of constrained choice in the euro area? (Laffan 2014: 275).

As outlined above, this doctoral thesis treats powers related to budgetary competences as its own category of parliamentary influence. With such an approach, one descriptive and one analytical question arise. The descriptive question asks: how is parliamentary involvement in ESM affairs concretely designed? I gather information on parliamentary involvement in chapter B.1 and develop a typology of parliamentary involvement in ESM affairs. The parliamentary prerogatives to control the government representative in the ESM Board of Governors are linked to a specific understanding of accountability relations. I will elaborate on these in this section (see below). The major analytical research question is: Why have some countries adopted strong parliamentary prerogatives in ESM affairs and others not? This question goes beyond a mere formal assessment of parliamentary involvement. It asks from where democratic legitimacy is derived when decisions with far-reaching budgetary consequences are taken. Both questions can only be answered on the basis of a thorough understanding of the emerging constraints of interdependent economies of the Eurozone, as well as the partly informal character of decision-making procedures throughout the management of the crisis. In a first step, I will therefore elaborate on these economic and political constraints.

The starting point is that the diverse rescue mechanisms lack a European source of democratic legitimacy. The European Parliament does not possess the financial resources to provide financial assistance. Although the European Financial Stability Mechanism (EFSM) is an additional assistance mechanism established at the European level, the EP is not formally involved in the process of issuing financial guarantees therein. In the absence of a genuine European source of democratic legitimacy, the involvement of national parliaments seems to

be a logical consequence. Some observers have, however, indicated that the common monetary union creates structural difficulties for NPs to provide democratic legitimacy, namely negative externalities, free-riding or moral hazard (Lord 2012: 7). These problems arise in the context of rapidly growing interdependencies of national economies as well as the intergovernmental nature of the management of the crisis. These are not genuine problems of national parliaments' involvement. National executives equally face vague accountability relations, negative externalities or free-riding, such as changes of governments, the reliance on expert assessments (to assess the implementation of the memoranda of understanding) or the particular role of the European Central Bank (see A.4.2).

These factors blur classical accountability relations between democratically elected chambers and national or European executives (see especially Wimmel 2009). Fabbrini observes a verticalization of decision-making processes within the management of the crisis. German and French government representatives regularly meet “before the European Council meetings to identify common or shared positions that [are] later imposed in the following formal meeting of the heads of state or government” (Fabbrini 2013: 1019). These de jure *informal*, but de facto highly *influential* political agreements hamper effective parliamentary control: multiple executives do not face a unified legislature to which they are accountable. Within the European Stability Mechanism, Member States have furthermore lost sovereignty since the relation between creditors and debtors necessarily creates mutual dependencies. Even if NPs possess strong formal prerogatives to decide on the release of sovereign aid packages, they do not have control over their implementation.

These economic interdependencies exceed the territorially defined sovereignty of Member States.¹⁵ Many Europeans became fully aware of this dependency during the dramatic European Council summit in October 2011 (in which a €100bn loan to Athens and a 50% debt write-off were agreed upon): the then Greek Prime Minister Papandreou proposed unilaterally to call a public referendum on the recently agreed bailout deal. He argued that its ratification required a public vote since the national parliament could no longer provide sufficient democratic legitimacy for the far-reaching measures of the programme. After some days of political manoeuvring, Papandreou eventually decided to call off the plebiscite. He also stepped down and paved the way for a unity government in Athens shortly after (see among others Vasilopoulou et al. 2014: 390). The New York Times expressed its surprise over these dramatic events: “The fate of the European enterprise seemed to hinge on the political machinations of one of the union’s smallest members” (Donadio, Kitsantonis 2011). However, not only did the call for a public referendum put considerable pressure on Eurozone Member States – including national parliamentarians who saw their previously agreed

¹⁵ They “share a common destiny”, as the former President of the ECB emphasized (Trichet 2010). However, this statement might euphemize the democratic deficiencies of the current management of the Eurozone crisis.

package deal in limbo – it also became evident that Eurozone members lacked *legal* policy tools to coerce a member of the Eurozone to accept the conditions of a bailout programme. European leaders were subsequently putting enormous *political* pressure on the Greek Prime Minister to call off the plebiscite. This, in return, strongly impaired on the sovereignty of the Greek government: “The Greek premier was savaged by German Chancellor Angela Merkel and French President Nicolas Sarkozy at a meeting in Cannes last night. He was threatened with enforced bankruptcy unless his country signed up to austerity measures” (Chapman, Smith 2011). In the following days, the G20 summit in Cannes had been literally held hostage to see whether the Greek parliament would eventually agree to the bailout deal. The bailout deal required immense national sacrifices from Greek citizens (see for instance Featherstone 2011). The Hellenic parliament had to implement measures which were taken in the name of Europe, but de-facto decided upon by European and national executives.

Making national sacrifices *and* taking political responsibility for European decisions exemplifies a dominant pattern of the management of the Eurozone crisis (Puntscher-Riekman, Wydra 2013: 566). Although national parliaments only represent a small cog in the machinery (and independent of a strong or weak formal involvement within the European Stability Mechanism) parliamentarians are most likely to be held accountable for the success or failure of the crisis management by their national electorates. This is true for both, parliaments issuing financial assistance and those receiving it. One could therefore critically ask whether strong parliamentary involvement in ESM affairs has an added value at all.

Any assessment of the democratic legitimacy of these decisions consequently needs to be analysed in the context of economic interdependencies and informal decision-making.¹⁶ This turns conceptualisations of democratic legitimacy into a “labyrinth with no exit” (see for a general account of EU democratic legitimacy Wimmel 2009). For Scharpf, democratic legitimacy should primarily focus on the justification of governance:

[Democracy] has a variety of meanings, but when we speak of “democratic legitimacy” we refer to arguments that justify the exercise of governing authority, that is, the authority to adopt collectively binding decisions and to implement these decisions with resources taken

¹⁶ Alternatively, legitimacy concerns can also be directed to *specific EU institutions* (Wimmel 2009: 188f). The European Commission and the ECB, for instance, have gained considerable influence during the crisis management (see for instance Höpner, Rödel 2012). Due to their surveillance function, they influence decisions on the release of financial assistance or the provisions of financial liquidity. However, their democratic credentials, i.e. the appointment and election of these institutions, have not changed since the outbreak of the crisis – despite gaining considerable influence in decision-making procedures. Another alternative is to focus on the question of legality, i.e. in how far and to what extent legal regulations have been violated during the current crisis management. This legitimacy concern is juristic in nature. An action is considered legitimate if a political actor complies with given rules, be they EU treaty or national constitutional laws. According to some lawyers, the first bilateral loans to Greece as well as the establishment of the EFSF marked a clear legal breach of the EU treaties (see for instance Ryvkin 2012).

from the members of the collectivity and by resort to the states monopoly on legitimate coercion (Scharpf 2010: 150).¹⁷

The fundamental problem with the current construction of the Economic and Monetary Union is that no unified authority exists to adopt collectively binding decisions, and that there is furthermore no state monopoly on the legitimate use of coercion to enforce decisions. Otero-Iglesias therefore described the Eurozone as essentially “stateless” (Otero-Iglesias 2015). Within the intergovernmental decision-making mode, the implementation of certain policies remains an “autonomous voluntary act” (Weiler 2000: 13). This pattern is unlikely to change in the foreseeable future. The rapidly growing political and economic interdependencies within the Economic and Monetary Union “and the reservations on part of Member States against further transfers of ultimate decision-making power to the EU [...] can be characterized as an integration paradox” (Puetter 2012: 168). One could therefore conclude that the current institutional set up of the Economic and Monetary Union does simply not comply with the criteria on democratic legitimacy outlined by Scharpf. The EMU is primarily designed as a rule-based system and lacks a single authority to adopt collectively binding decisions. Furthermore, the EMU governance frame does not possess the legitimate use of coercion to implement decisions, but largely relies on intergovernmental decision-making. However, the concept of democratic legitimacy also contains elements of democratic accountability relations. Questions of accountability concern only a *subset* of legitimacy concerns, and not every accountability concern is a legitimacy concern. Addressing accountability concerns can, however, contribute to the overall legitimacy of a political system. I therefore propose to focus on the democratic accountability relations within the ESM framework to arrive at conclusions about the democratic quality of the EMU governance system.

One major challenge for an effective accountability regime is the multilevel character of European governance, in particular the evolving technocratic and intergovernmental arena. National governments and parliaments are traditionally in a *hierarchical* relationship and these accountability relations are restricted to the national level only. To elaborate on this relation, I use an accountability definition by Bovens who understands accountability

as a relationship (i) between an actor and a forum, in which (ii) the actor has an obligation to explain and to justify his or her conduct, (iii) the forum can pose

¹⁷ Justification to set rules and ‘to govern’ strongly depends on the normative foundations of a political system. For Eriksen and Fossum, the ‘finalité politique’ is crucial to assess the democratic legitimacy of the EU system. They develop three models of what the Union could be, resulting in different strategies to overcome legitimacy problems (Eriksen, Fossum 2004). Others emphasize the centrality of the believe in legitimacy. Føllesdal, for instance, emphasises that “legitimacy is about whether citizens have trust in the future compliance of other citizens and authorities with institutions they believe to be normatively deserving of obedience” (Føllesdal 2006: 172).

questions and pass judgement, and (iv) the actor may face consequences (Bovens 2007a, 452).

This definition has the advantage that it is analytically clear and parsimonious with regard to the number of criteria it postulates. It allows a classification of the types of actors involved who are in a particular mode of interaction (Benz et al. 2007: 455). Applied to the subject of this thesis, ‘actors’ should be understood as national governments since they are formally taking decisions in the ESM Board of Governors. ‘Forums’, on the other side, should be understood as the national parliaments to which governments are accountable. A second layer exists which involves quasi-autonomous or independent agencies and actors. The accountability relations to these quasi-autonomous actors have become a key characteristic of the EU governance system (see Bovens 2007a), and the ESM arguably falls under this category. Although the ESM cannot take decisions autonomously, it takes decisions as a collective. The concrete administration of sovereign aid programmes is carried out by civil servants of the European Stability Mechanism. Even if ministers remain politically answerable to their parliaments for actions within the ESM framework, they do not necessarily possess *control* and *knowledge* of the day-to-day policy-making (on this topic see Curtin 2007). Should a minister be structurally uninformed about the daily operations of an ‘agency’, however, this will also have an impact on the effective scrutiny procedures within national parliaments.

But even if we take these rather new accountability relations between quasi-autonomous actors and governments – respectively national parliaments – into account, they do not replace the traditional forms of accountability relations, but complement them (Bovens 2007b). Effective accountability still requires that democratically elected parliaments vertically hold the government representative (who takes ESM-related decisions) accountable. With this being said, there are a number of sub-questions that arise, for instance: is account rendered to the parliament as a whole, or only to specific parliamentary bodies? Can a government representative take decisions without explicit approval of the parliamentary chambers? What kind of information and actions must be justified in front of the parliament? Must government representatives justify their actions *before* or *after* decisions have been taken at the EU level? And what kind of consequences do they face¹⁸ when they deviate from a position a parliament has expressed? These questions are not uniformly regulated within all national parliaments. In contrast, we observe a huge variation in the concrete design of legal parliamentary participation rights. Based on these observations, this thesis develops a classification of parliamentary involvement in ESM affairs in chapter B.1. The generation of comparable

¹⁸ Classical accounts rather speak of the possibility to “impose sanctions” (Grant, Keohane 2005: 29) and not of “facing consequences” (on this question see Mulgan 2000; Strøm 2000: 261, quoted in Bovens 2007: 451). The advantage of Bovens’ expression is, however, that ‘facing consequences’ is broader and can also include positive rewards. Therefore, it is rather the *possibility* to impose sanctions (respectively face consequences) than its actual imposition that constitutes an element of effective accountability.

information of parliamentary involvement in ESM affairs is descriptive in nature, but a necessary prerequisite to answer the broader, analytical question: *Why have some parliaments adopted strong participation rights within the ESM and others have not?* More concretely, which factors account for strong, respectively weak, accountability relations of national parliaments and government representatives in ESM affairs? To date, no study analyses the determinants of parliamentary involvement in ESM affairs comparatively.

This thesis thus seeks to address the puzzle of the asymmetrical involvement of national parliaments within the European Stability Mechanism. Only by treating budgetary powers as its own category, this asymmetric involvement can be understood.

A.4 Why Look at the ESM? A Brief Inventory of the Crisis

The following section elaborates on the role of national parliaments in selected crisis instruments. The objective is to highlight the unique role of the European Stability Mechanism and to justify why it has been chosen as an object of investigation. The first part briefly explains the political as well as the budgetary constraints of selected crisis instruments on national parliaments (A.4.1). The major argument is that the ESM is the most far-reaching of all crisis-related instruments in terms of its budgetary implications. The second part elaborates on the executive dominance within the crisis management as well as the legal basis of selected instruments (A.4.2). I will distinguish three different phases of parliamentary involvement, highlighting that the period in which the ESM was ratified partly opened a window of opportunity to negotiate stronger parliamentary involvement. The last part (A.4.3) gives information on the formal structure of the European Stability Mechanism, highlighting the role national parliaments can potentially play therein.

A.4.1 Escalation and Intensification of the Crisis

Instruments tackling the Eurozone crisis in 2010-2012 constrain to varying degrees the political as well as the budgetary leeway of national parliaments. Not all of these instruments apply to all Member States. Some have been established outside of the EU legal framework or apply to Eurozone Member States only. All instruments were meant to strengthen the ‘E’ (economic) in ‘EMU’ affairs, “preferably in the confines of the existing treaty framework, supplemented, where necessary or desirable, by intergovernmental agreements” (Barroso 2011, quoted in Dinan 2012: 85).

Efforts to enhance economic coordination impact on the *political sovereignty* of parliaments (for instance under the European Semester or the Euro Plus Pact¹⁹). European actors (most notably the Commission, the European Council and the Council of Ministers) can intervene in drafting annual national budgets and therefore exercise oversight functions. Legally speaking, no transfer of competences to the European level took place, i.e. EU primary law has not been changed. However, national parliaments are foremost politically bound to these newly established procedures and must deal with new (European) actors therein. The Treaty on Stability, Coordination and Governance (TSCG) or the revision of the Stability and Growth Pact (SGP) are based on a stronger legal basis (Seng, Biesenbender 2012). The TSCG was established outside the EU legal framework and not ratified by the Czech Republic and the United Kingdom. The revision of the Stability and Growth Pact is based on EU secondary law and applies primarily to members of the Eurozone (Buti, Carnot 2012: 906). The degree to which the above mentioned instruments are binding for Member States therefore varies, for instance between Eurozone and non-Eurozone countries, but also for countries under the Excessive Deficit Procedure (EDP).

Other instruments impact to varying degrees on the *budgetary sovereignty* of national parliaments. All Eurozone countries ratified the permanent ESM and the temporary EFSF. The first bilateral bail-out package to Greece in 2010 was not even ratified by all Eurozone Member States since the Slovakian government decided against participation (see Featherstone 2011: 205).²⁰ On the other side, financial guarantees to Ireland were also bilaterally provided by the non-Eurozone Member States Denmark, Sweden and the United Kingdom. In sum, the introduced instruments are to different degrees binding on a political and budgetary dimension (for an historical institutionalist explanation of the EU's crisis responses see Verdun 2015).

The various crisis measures broadly followed two main goals: First, they tried to provide immediate financial assistance for countries with solvency problems. Second, they tried to foster economic coordination and to address “weak spots in the [economic] surveillance framework” (Buti, Carnot 2012: 910). The first bail-out package to Greece (May 2010), the temporary EFSF (July 2010) as well as the permanent ESM (operational since October 2012) belong to the first category. Crucially, the potential sum of financial guarantees increased with each of the new instruments. Also, while the first bailout package to Greece and the EFSF were temporarily limited, the ESM was established as a permanent mechanism. The Euro Plus Pact was based on voluntary adherence only, while the introduction of the European Semester and the strengthening of the Stability and Growth Pact (under the so-called Six-Pack

¹⁹ The Euro Plus Pact was ratified by all EU Member States except the United Kingdom, the Czech Republic, Hungary and Sweden.

²⁰ The former Slovakian government argued that poor countries “shouldn’t pay for the profligacy of richer peers (Bloomberg News 2010).

legislation) were implemented in secondary law and are therefore legally binding – although to varying degrees (depending on the membership in the common currency area, see for instance Kunstein, Wessels 2012). The latest instrument fostering economic coordination, the TSCG, sets legally binding criteria for the balancing of budgets. It has again a stronger legal character than the previous instruments although it was not ratified by all Member States. The obligation to transpose the ‘balanced budget rule’ is subject to the jurisdiction of the Court of Justice of the European Union. Sanctions can be imposed in case of non-compliance (Art 8(1) TSCG).

In sum, the intensity of the political and budgetary impact of crisis instruments increased significantly over the 2010-2012 period: The Euro Plus Pact (2010-11) and the European Semester (2011) were two of the first instruments to foster economic coordination. They were legally less binding than the revised Stability and Growth Pact (2011) and the TSCG (2012). Equally, the first bailout package to Greece (2010, non-recurrent) and the EFSF (2010, temporarily limited) were less intrusive on the Member States’ budgetary sovereignty than the ESM (2010, permanent mechanism) which can also issue a much higher sum of financial guarantees.

I argue that the European Stability Mechanism is the only instrument subject to a huge variation concerning parliamentary participation rights domestically. What makes the ESM special is the fact that parliaments are to different degrees involved in the control of the finance ministers in the Board of Governors. This ranges from the complete transfer of decision-making competences to the national executives up to strong parliamentary prerogatives for each sovereign aid package and the release of financial tranches therein. This doctoral thesis investigates the role of national parliaments in the ESM because it impairs on both, the budgetary *and* political sovereignty of national parliaments.

A.4.2 Executive Dominance: Three Phases of the Management of the Crisis

The growing (domestic) asymmetry of parliamentary involvement is also reflected by the meetings of the European Council in 2010-2012 and beyond (see Laffan 2014: 276). Since the outbreak of the crisis, the Heads of States or Government met several times in the formation of the so-called ‘Euro Area’ or ‘Euro Summit’, comprising only the chief executives of those Member States which adopted the common currency. A first such meeting took place in March 2010.²¹ If counted separately, the European Council met 27 times in different

²¹ The meeting was labelled “Meeting of the Heads/State of Government of the Euro Area”. A meeting in October 2011 was simply labelled “Euro Summit”, indicating that it took some time to officially label this new European Council formation. In 2010-2012, the Euro Area summit passed five ‘statements’ and one ‘conclusion’. It is not always clear what the semantic difference indicates. Also, the difference between ‘special’ and ‘extraordinary’ meetings remains unclear.

formations in 2010-2012 (the EU treaties foresee only four regular meetings per year). Although this institution has always been far more influential than treaty articles indicated (see for instance Wessels 2016), it became the most important decision-making body during the crisis. The President of the European Parliament, Martin Schulz, noted that the crisis management “by summit” became the norm (Schulz 2013) rather than the exception.

The establishment of the Euro Area Summit is by now institutionalised.²² Since the Euro Area Summit is not an official EU institution, however, parliamentary standing rules did not necessarily foresee the obligation to inform parliamentary chambers on the outcomes of their negotiations (as it is usually the case, see Wessels, Rozenberg 2013). The German Bundestag was one of the first chambers to officially recognise the Euro Area Summit as an EU institution. The revised EUZBBG²³ from 2013 obliges the government to regularly inform the parliament about activities of the Euro Area Summit (§4 (2) 1 EUZBBG). The dominance of the European Council offers the possibility to trace back the management of the crisis (see for instance Rompuy 2014). All important instruments were politically initiated in this institution. It is possible to distinguish, roughly, three phases of the management of the crisis in the period under investigation. They partly overlap, but differ in degree of national parliamentary involvement.

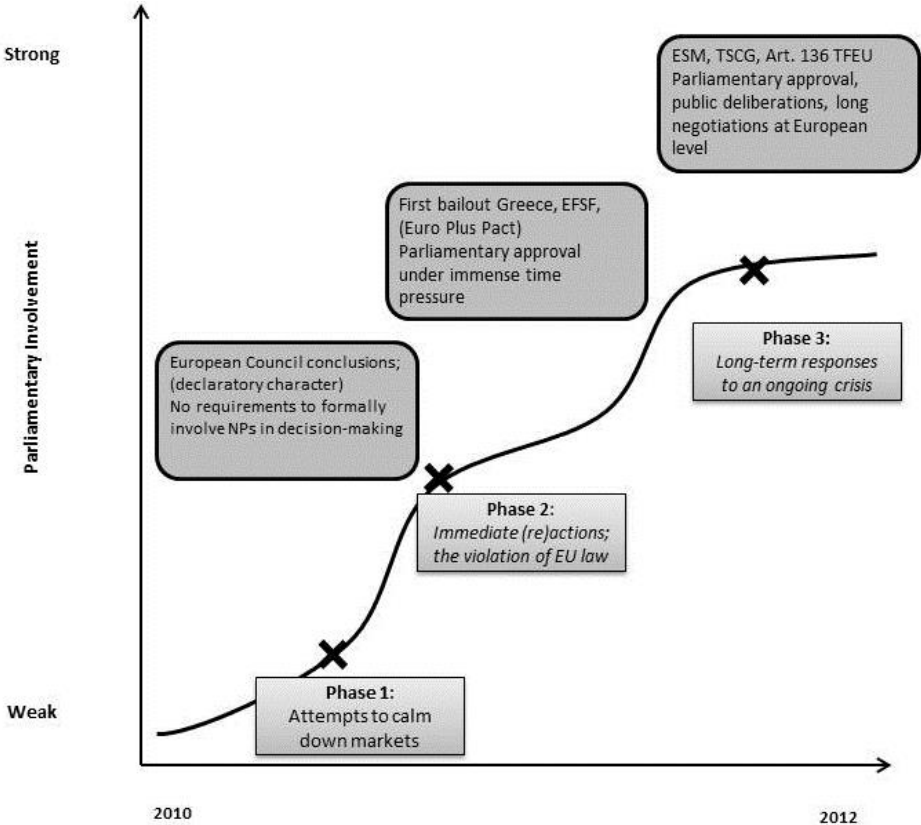
The first phase lasts from early 2010 to May 2010. The Heads of State or Government recognised the worsened financial situation in Greece and started to make public commitments from which they (still) hoped they had not to be fulfilled. This phase is characterised by the effort to formally respect Union law which prohibits financial assistance to EU Member States (Art. 125 TFEU). The involvement of national parliaments during this period was marginal since no concrete actions were decided upon. The second phase, from May to the end of 2010, was characterized by immediate and hasty reactions to the deteriorating financial and economic situation in Greece. Greece’s refinancing problems were feared to contagion to other Eurozone Member States (Schimmelfennig 2015b). The first bilateral loans to Greece as well as the EFSF heavily impacted on the budgetary competences of parliaments in the Euro Area and lead to sharp political quarrels among Member States. Many observers stated a clear violation of EU law in establishing these two bailout funds (see for instance Ryvkin 2012); furthermore, the management of the crisis did not allow extensive deliberations in parliamentary chambers since actions had to be taken under considerable time pressure (see among others Saurugger 2014). Since the measures were all limited in time and scope, they were often perceived by market participants as “too little, too late” (Gocaj,

²² Herman van Rompuy was elected its first president in 2011. The question arose whether the President of the European Council must always be a member of the Euro Area. The election of Donald Tusk in November 2014 showed that these concerns were unfounded.

²³ EUZBBG is the German abbreviation for “Gesetz über die Zusammenarbeit von Bundesregierung und Deutschem Bundestag in Angelegenheiten der Europäischen Union”.

Meunier 2013: 243, but also Featherstone 2011: 194). The third phase, beginning at the end of 2010 until 2012²⁴, considered more long-term instruments to stabilize the Eurozone (most notably the ESM, the Fiscal Compact and the so-called six- and two-pack legislation). Stronger economic surveillance became increasingly the focus of economic governance reform which was largely absent in the second phase. The establishment of the permanent rescue fund was debated for the first time. In contrast to the EFSF, it was intended to be reformed on a more solid legal basis, requiring the amendment of article 136 TFEU. Other instruments, such as a reform of the Stability and Growth Pact as well as the Treaty on Stability, Coordination and Governance, were intended to foster economic coordination in the EU in the long run, particularly in the Eurozone. Also, the decision to establish a banking union was taken in June 2012 (Howarth, Quaglia 2013; De Rynck 2015).

Figure 1: Three phases of the management of the crisis



Source 2: Own presentation.

All measures introduced in the third phase were subject to more intensive parliamentary deliberations, at least in some Member States. Their impact was, however, also more severe than instruments in the first two phases. In several Member States, law files were sued against the European Stability Mechanism as well as against the Fiscal Compact; additionally, a

²⁴ The end of 2012 is the end of the period under investigation of this thesis.

public referendum was required to ratify the Fiscal Compact in Ireland which slowed down the ratification process for a short while.

Phase One: Attempts to Calm Down the Markets

Greece's deteriorating economic situation has multiple causes, but was accelerated by the announcement of the in-coming Greek government in autumn 2009 that the numbers for the annual government deficit were far worse than initially reported. While the interest rates on Greek government bonds had for more than a decade steadily approximated the European average, re-financing costs started to rise sharply in 2009/2010 (see for instance Eichengreen 2012). Both, the over- and underevaluation of Greek sovereign bonds was not based on economic fundamentals, but represented a "mispricing" – and thus false expectations – of market participants (see de Grauwe, Ji 2012). In 2009/2010, market participants abruptly lost the trust in the Hellenic Republic being able to refinance its public debt (on the relation between trust and debt see among others Beckert 2013). At the informal European Council summit in February 2010, the Heads of State or Government mentioned Greece's worsened financial situation for the first time in their conclusions and stated:

Euro area Member States will take determined and coordinated action, if needed, to safeguard financial stability in the euro area as a whole. The Greek government has not requested any financial support (European Council 2010e).

This 'determined action' was addressed in numerous parliamentary debates in Euro Area Member States. However, the formulation was rather imprecise and non-committal; most governments did not have to ask for prior parliamentary approval in advance. The sentence "The Greek government has not requested any financial support" was important to reach a compromise, especially between the Greek Prime Minister and the German Chancellor (Rompuy 2014, 14). It officially signified that no immediate action was deemed necessary. On 25 March 2010, a European Council – in the formation of the Heads of State or Government of the Euro Area – was more concrete and confirmed publicly that Eurozone Member States were in principle ready to contribute bilateral loans should the Greek government request financial assistance (European Council 2010f). This non-binding declaration was still intended to calm down market participants although it became increasingly obvious that real actions might soon be required.²⁵ Nonetheless, the March 2013 conclusion already contained clarifications on the potential amount of bilateral loans: Eurozone Member States were expected "to participate on the basis of their respective ECB capital key" (European Council 2010f). Clarifications on the potential burden-sharing of financial assistance were crucial to make the public commitments credible.

²⁵ The looming elections in North-Westphalia in May 2010 are also often mentioned as a reason for the belated action in spring 2010 (see Crespy, Schmidt 2014: 1089).

In March 2010 the Heads of State or Government discussed – for the future – to strengthen the Excessive Deficit Procedure of the Stability and Growth Pact as well as first steps of what was later coined the ‘European Semester’. The conclusion of the general formation of the European Heads of State or Government on 26 March 2010 outlined future lines of conflict: The European Council argued for a strengthening of the coordination at the Eurozone level and asked the Commission to present proposals that are “offered by Article 136 Treaty on the Functioning of the European Union” (European Council 2010c: 5). Some of the principles of future Eurozone reforms were therefore already mentioned in this phase of the management of the crisis: the need to provide financial assistance for Member States in dire economic situations as well as improved instruments to foster economic convergence.

The first phase of the crisis management was largely characterized by attempts to formally respect Union law; at the same time, public commitments were made from which it was hoped that they would not have to be redeemed. In this situation, the loose involvement of national parliaments can be justified by a political logic which required immediate (public) and rhetorical action, but would avoid any concrete budgetary implications for parliaments or a violation of EU primary law.

Phase Two: Immediate (re)actions and the Violation of EU Law

However, already in the second quarter of 2010 the financial situation in the Greece deteriorated to such an extent that concrete (re)actions was required. In a dramatic meeting in May 2010, the finance ministers of the Eurozone decided on bilateral loans for Greece amounting to €110 billion (together with the IMF), noting that “Parliamentary approval, needed in some Member States prior to the release of the first tranche, is expected to follow swiftly” (Eurogroup 2010). At the same time, the European Financial Stability Facility (EFSF) as well as the European Financial Stability Mechanism (EFSM) were launched which Member States’ parliaments had to ratify in an ad-hoc manner. The German Bundestag voted in favour of the first bailout-out package for Greece on 7 May 2010. The same day, the German Bundesrat approved the package which was immediately signed by the Federal President. This indicates the enormous time pressure that parliamentarians faced and exemplifies the very short amount of time for parliamentary chambers to deliberate on these crisis instruments.²⁶ The ratification of the EFSF did also not allow much time for public deliberations. Quite evidently, the establishment of the EFSF was not in line with EU treaty law, but time constraints did not allow for a timely treaty revision procedure. Another characteristic of the second phase is that Euro Member States pressed ahead, widening the gap between the then 17 and the remaining ten Member States. Some early crisis responses could not be integrated into the EU legal framework. This applies for the first bailout package for

²⁶ The Slovakian parliament refused its consent to the first bailout-package for Greece.

Greece, the EFSF and also the Euro Plus Pact²⁷ which were initiated in that time period. Since some non-Eurozone Member States were willing to join a stronger economic surveillance framework, treaties outside the EU legal framework were established. They generally limit the influence of national parliaments since national governments treated (or tried to treat) the latter as foreign rather than EU affairs. All of the crisis instruments in the second phase were decided upon under enormous time pressure. Especially national parliaments of the Eurozone ceded a huge amount of political and budgetary sovereignty to the European level. All of these measures were temporally limited, partly based on voluntary adherence or not integrated into the EU legal framework.

Phase Three: Bringing Parliaments Back In? Long-term Responses to an Ongoing Crisis

The third phase is characterized by the attempt to find long-term crisis responses that were – although partly outside the EU legal framework – neither based on voluntary adherence nor temporally restricted (this phase partly overlaps with the second one). The establishment of the ESM required a modification of the EU treaties (Article 136 TFEU) while the ratification of the TSCG required a public referendum in Ireland. Instruments within the EU legal framework included the so-called six- and two-pack legislation (which itself includes a reform of the Stability and Growth Pact as well as the introduction of the European Semester). Also, the approval of financial assistance was increasingly linked to stronger economic coordination, providing the European Commission a stronger role in the management of the crisis. In September 2010, the European Council debated to foster economic surveillance further (European Council 2010a: 6). In October 2010, the reform of the Stability and Growth Pact was welcomed by the Heads of State or Government (European Council 2010d: 2). However, it became increasingly clear that the temporary stability tools had to be replaced by permanent crisis instruments, requiring a change of EU treaties. The December 2010 European Council therefore stated:

The temporary stability tools put in place earlier this year have proved their utility, but the crisis has demonstrated that there can be no complacency. This is why we agreed today on the text of a limited amendment to the Treaty on the establishment of a future permanent mechanism to safeguard the financial stability of the euro area as a whole (European Council 2010b: 2).

Within the third phase, a change of EU treaty law was envisaged for the first time. Article 125 TFEU prohibits the Union and the Member States from being “liable for or assum[ing] the commitments of central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of any Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project.” This was commonly

²⁷ The Euro Plus Pact is an intergovernmental agreement based on voluntary adherence and comprised the then 17 Eurozone Member States, as well as Bulgaria, Denmark, Latvia, Lithuania, Poland and Romania.

interpreted as a no bail-out clause. Concerning the EFSF, it was argued that these financial commitments were no grants to financially stricken Eurozone states, but repayable loans on which interest rates had to be paid. The German Finance Minister Wolfgang Schäuble asserted that “[t]he loans are not transfers. And they are not gifts [...]. And the conditionality is such that the country is compelled to enforce measures that would have been unthinkable before the event” (quoted in Ryvkin 2012: 242).

This argumentation was no longer valid with the establishment of the ESM. The limited treaty change necessitated the involvement of all national parliaments, partly with two-third majorities in the respective chambers. This opened the opportunity for opposition parties to negotiate side payments in exchange for ratifying the ESM. In the Austrian case, for instance, the Green Party used the ratification of the Article 136 TFEU amendment to secure more extensive parliamentary co-decision rights (see case study on Austria C.2.2). Also the ratification of the TSCG partly required broad parliamentary majorities or even a public referendum. This allowed more intense deliberations in parliaments and the public. Also, the instruments established within the third phase were often subject to legal disputes within the Member States, for instance in Germany, Estonia or Ireland (see case study on Ireland C.2.3). It is telling that many of the financially stricken Member States, such as Cyprus, Greece, Portugal, Slovenia or Spain, were very fast in ratifying the ESM while economically more stable countries waited until June/July 2012 to adopt the treaties.

ECB Intervention Calms Down the Markets

The management of the crisis would be incomplete without an analysis of the unexpected role of the European Central Bank therein (see for instance Murlon-Druol 2014 and Otero-Iglesias 2015). Before the ESM and the TSCG officially came into force, the European Central Bank intervened significantly in the management of the crisis. Some observers criticized the ECB for overstepping its mandate while others claimed it was still doing too little and that it failed to effectively act as a lender of last resort (see for instance De Grauwe 2011; Sinn, Wollmershäuser 2011). At an investment conference in London in July 2012, the President of the European Central Bank, Mario Draghi, announced:

Within our mandate, the ECB is ready to do whatever it takes to preserve the euro.
And believe me, it will be enough (quoted in Daily Telegraph Online 2012).

Under the condition that a country accepts a financial adjustment programme under the ESM, the Outright Monetary Transactions (OMT) programme is designed to buy government bonds of financially troubled Eurozone Member States (see The Economist Online 2012). The ECB therefore *combines* an intervention in the market with a political conditionality which is set by

the Member States.²⁸ The announcement of the ECB marked a turning point in the management of the crisis (at least until early 2015): yield spreads for troubled Member States decreased significantly. National parliaments could, however, not influence the decisions by the European Central Bank although financial risks can occur for their national budgets as well. By definition, and according to its statute, the ECB is “independent in the exercise of its powers and in the management of its finances” (Art. 282 (3) TFEU).

Although highly important, the ECB’s role will not be discussed extensively in this dissertation. First, the independence of central banks is a generally accepted principle in the Economic and Monetary Union, ratified by all Member States with the respective European treaties (for an opposing view see Franzese and Hall 2008). Political discussions to limit ECB’s independence – as for instance the French government regularly proposes (Crespy, Schmidt 2014) – are meant to increase the control and oversight functions of national executives and not primarily of parliamentary chambers. Second, legal disputes about potential breaches of the ECB mandate are now decided upon at the European and not the national level: in a far reaching decision on 7 February 2014, the German Constitutional Court referred the decision about the OMT Programme to the Court of Justice of the European Union. The European Court of Justice declared the OMT Programme to be in compliance with EU law; the German Constitutional Court is expected to pass a final decision on the compliance with the German Basic Law in early 2016.

A.4.3 Structure and Functioning of the ESM: What Role for National Parliaments?

The previous section outlined that the European Stability Mechanism is the most far-reaching instrument in terms of impact on the political and budgetary sovereignty of national parliaments. The ESM is designed as an intergovernmental organisation under international public law. Members are the EU Member States that adopted the common currency (with Latvia joining the ESM in March 2014 and Lithuania in early 2015). It is headquartered in Luxembourg. In order to establish the ESM, European treaties had to be amended by all parliamentary chambers, partly with two-third majorities in bicameral systems. The most important decision-making body is the Board of Governors. Each participating country sends its Minister of Finance to the Board of Governors who has voting rights therein. The President of the European Central Bank as well as the European Commissioner for Economic and Monetary Affairs can take part in the meetings of the Board as observers. This exemplifies that the ESM – although designed as an international institution – possesses strong links to European institutions (see for instance Niemann and Ioannou 2015). The fact that the TFEU

²⁸ Together with the ESM and the TSCG, the OMT Programme was also challenged at the German Constitutional Court in Karlsruhe. The Court not only had to decide on the legality of the programme, but also if it had jurisdiction over EU institutions in the first place (see for instance The Wall Street Journal Online 2013).

had to be amended in order to establish the ESM underlines this fact. In contrast to the TSCG, no intention is stated in the ESM treaty that the mechanism will be incorporated into the EU treaty framework at a later point in time. However, current reform discussions – such as the Five President Report from July 2015 – envisage a greater role for the ESM to directly recapitalize banks (see Juncker et al. 2015).

The ESM is designed as a mechanism to grant financial assistance to Eurozone Member States facing liquidity, but not solvency, problems. Article 13 of the ESM stipulates that stability support can only be granted when the “financial stability of the euro area as a whole or of its Member States” is at stake and when the public debt level of the receiving country is sustainable. Such an assessment is carried out by the European Commission, in liaison with the European Central Bank. Both of these conditions are open for political interpretation. The stability support for Cyprus (2013) and the third sovereign aid package for Greece in August 2015 have been contested because a number of policy-makers doubted that the two conditions were actually fulfilled. Furthermore, the first two sovereign aid packages to Greece have changed the debtor structure of the country decisively. While in 2010, more than 90% of Greek bonds were held by private investors, the majority of Greek bonds are now held by public institutions and governments – and therewith European taxpayers. This has arguably reduced the risk of contagion in case of a Greek sovereign default, but is also one reason why the ESM is such a highly politicized institution. Despite the seemingly clear formulations in the treaty itself decisions on stability support are not solely based on ‘objective’ economic criteria, but necessarily contain elements of political assessments.

These political assessments do also play a role when the European Stability Mechanism is located in the current governance frame of the Economic and Monetary Union. In the public debate, stability support is often perceived as a kind of ‘transfer’ to financially stricken Member States. Although the ESM issues strictly speaking only financial guarantees, the likelihood that these loans can be repaid in the long-run seems increasingly uncertain (at least regarding the third sovereign aid package for Greece). According to the treaty articles, however, ESM financial assistance takes the form of repayable loans; most observers agree that a nominal debt relief within the Eurozone is prohibited by the EU treaties. This also reveals that the ESM in its current design is not transforming the Eurozone into a kind of ‘transfer union’ with automatic fiscal transfers to cushion the effects of economic cycles and asymmetric economic shocks. The need for automatic fiscal transfers is often highlighted by proponents of the ‘Optimal Currency Area’ theory (see for instance Krugman 2012). In the absence of fiscal transfers, programme countries can only regain competitiveness through a process of an internal devaluation which often includes cutting social benefits or the reduction of salaries and pensions. The advisory council of the German Federal Government understands the ESM as a mechanism that in essence supports the process of internal

devaluations, but allows programme countries to undergo this process in a longer time period (see Sachverständigenrat der Deutschen Bundesregierung 2015). Without external financial assistance, these adjustment processes would have to take place immediately.

Except for emergency calls, all “important decisions” require mutual consent, i.e. unanimity in the Board of Governors (see article 5 of the ESM treaty). This covers financial assistance to ESM members, the definition of conditions for support as well as the choice of instruments. In other matters, the ESM treaty foresees the use of qualified majority voting which is defined as 80% of the votes cast “with voting rights equal to the number of shares allocated to each country” (ESM 2014). Countries such as Germany and France – with a capital share of more than 20% - have consequently a veto right regarding these questions. The total subscribed capital of the ESM is nearly €702 billion; the ESM’s maximum lending capacity is €500 billion. The shareholder contribution key is based on the ECB contribution key which slightly changed with the accession of Latvia and Lithuania to the ESM. Germany (27.07%), France (20.33%), Italy (17.86%) and Spain (11.87%) are the largest contributors, while Malta (0.07%), Estonia (0.19%) and Cyprus (0.20%) provide the smallest share. The capital subscription ranges from €190.02 billion (Germany) to €0.51 billion (Malta). Countries receiving financial assistance are stepping-out guarantors. All ESM loans possess seniority status (with the exception of IMF loans which have a preferred creditor status). This can only be adjusted by a change of the treaty which would again require the approval of national parliaments. Additionally, and in contrast to the previous EFSF mechanism, euro area Member States provided €80 billion in the form of paid-in capital which is a precondition for high credit ratings by several rating agencies (for a detailed description see Gocaj, Meunier 2013). In order to activate financial assistance, a Member State has to send a formal request to the ESM Board of Governors. Financial assistance can only be granted under strict conditionality in the form of a Memorandum of Understanding (MoU). This strict conditionality is explicitly mentioned in the treaty. The MoU is signed by the European Commission which must confirm that the level of public debt is sustainable and that a risk for the financial stability of the Eurozone as a whole exists.

What makes the ESM special is the fact that parliaments are to different degrees involved in the control of the finance ministers in the Board of Governors. As outlined above, in some parliaments the Minister of Finance must seek the prior approval of the parliamentary plenary or a parliamentary body before agreeing to financial guarantees provided by the ESM. In specific cases, they even need a mandate before negotiations on stability support can be formally opened (see Kreilinger 2015). In other settings, the Finance Minister exclusively decides. Given the fact that financial guarantees partly make up a third of national annual budgets in some countries, there is a huge variation of parliamentary control regarding ESM decision-making. Although parliaments always had varying participation rights in domestic

settings (see again Table 1), this asymmetry of parliamentary influence is so far without precedent and poses important questions of parliamentary accountability in EMU policy-making.

A.5 Structure of the Thesis

This thesis seeks to analyse factors that determine strong, respectively weak, parliamentary involvement in ESM affairs. The analysis of this question is split in two broad parts. Chapter B will lay out the theoretical and methodological foundations, including the data gathering process. Chapter C carries out the empirical analysis while chapter D concludes.

With regard to the theoretical and methodological foundations of the thesis, I will first gather information on the dependent variable, i.e. parliamentary involvement in ESM affairs. This is conducted via the distribution of a questionnaire to parliamentary representatives in Brussels, Budget and Finance Committees as well as individual MPs concerned with the establishment of the ESM in the 18 Member States under investigation. This information was cross-checked with available information of parliamentary involvement on the websites of the respective chambers. The result is a classification of formal parliamentary involvement in ESM affairs (see B.1). The next chapter is concerned with theoretical considerations to explain the varying degrees of parliamentary influence in this domain (see B.2). It basically follows a rational choice approach and regards the macro-economic situation, Eurosceptical attitudes, formal prerogatives in EU affairs as well as the political and constitutional requirements to ratify the ESM treaty as decisive for parliamentary involvement. Chapter B.3 presents the applied methods. This project pursues a mixed-method design. A fuzzy set qualitative comparative analysis (fsQCA) analyses determinants of parliamentary involvement. QCA allows for a systematic cross-case comparison and is especially suitable for intermediate-N research designs. At the same time, sufficient attention can be paid to the within-case complexity of comparisons (see Rihoux, Ragin 2009). Another advantage is that it can look at a combination of explanatory ‘conditions’ for a certain outcome, rather than explaining a specific phenomenon with a single variable. I assume that rather a combination of conditions leads to particularly ‘strong’ or ‘weak’ parliamentary involvement in ESM affairs, and not a single variable. This analysis is complemented by evidence from 29 expert interviews in four case studies (Austria, Germany, Ireland and Portugal). Section B.4.1 and B.4.2 describe the data gathering process for the independent variables as well as its calibration (which is required for conducting a fsQCA).

The empirical part first conducts the fsQCA for all 18 Eurozone countries (see C.1). It tests combinations of theoretically derived conditions assumed to determine strong or weak parliamentary involvement in ESM affairs. It also helps identifying the ‘particular’ cases that

merit further analyses. These will be addressed in section C.2. Germany's and Austria's involvement in ESM affairs is representative for donor countries, while Ireland and Portugal represent debtor countries. The parliamentary debates leading to the ratification of the ESM treaty, but also the negotiations leading to the so-called Memoranda of Understanding in the two debtor countries will be analysed. Section D summarizes the impact of the varying parliamentary involvement in ESM affairs on the accountability regime of the economic and monetary union and formulates policy recommendations.

B. What to look for: Theoretical and Methodological Approach

B.1 Dependent Variable: ESM Parliamentary Participation Rights

To analyse parliamentary involvement within the ESM, this doctoral thesis first gathered information on the dependent variable, i.e. the formal participation rights of national parliaments in ESM affairs. This was done via the distribution of a questionnaire to parliamentary representations in Brussels, to Finance and Budget Committees of Eurozone parliaments as well as to individual MPs (more below). The collection and generation of this new data source was necessary since no comparable data existed at this time. Furthermore, the creation of an own questionnaire allowed the collection of specific aspects of ESM involvement which are relevant for the research question and could not be obtained from publicly available sources. The information of the questionnaires was cross-checked with publicly available sources, such as newspaper reports, national legislation or academic publications. Three different legal bases for parliamentary involvement in ESM affairs can broadly be distinguished. First, so-called accompanying provisions (or laws, for instance the ESMFinG²⁹ in Germany) which define specific procedures for parliamentary involvement in ESM matters. These accompanying provisions contain detailed regulations about when and in how far parliamentary committees or the plenary are involved in decisions related to the ESM. Second, involvement in ESM matters can resemble the parliamentary involvement in ordinary budgetary affairs (this is, for instance, the case in Italy). Laws regulating the parliamentary involvement in budgetary questions equally apply for the involvement in ESM affairs. And third, participation rights can be derived from constitutional provisions (for instance Cyprus). In these cases, the involvement of parliaments is rather abstract and regulations are not specifically designed to deal with matters concerning the ESM. As will be shown later, the more a legal construction specifies ESM involvement the stronger is the parliamentary participation in this domain. This dissertation aims at finding explanations for the variance of these legal constructions.

In a first step, I analysed existing literature on parliamentary participation rights within the European Financial Stability Facility (EFSF) (the – broadly speaking – predecessor of the ESM). To the best of my knowledge, only one study compares parliamentary participation rights in the EFSF from all Eurozone Member States: in 2011, the Deutsche Bank Research conducted a study classifying three groups of parliamentary involvement (see Heinen, Theiss 2011):

- parliaments that have no participation rights in the day-to-day policy-making of the EFSF (Cyprus and Spain)

²⁹ Gesetz zur finanziellen Beteiligung am Europäischen Stabilitätsmechanismus, ESM-Finanzierungsgesetz.

- parliaments that are only informed about EFSF activities by their governments (Austria, Belgium, France, Ireland, Luxembourg, Netherlands, Slovakia)
- parliaments that actually vote on a sovereign aid package within the EFSF (Estonia, Finland, Germany, Greece, Italy, Malta, Portugal, Slovenia (a table can be found in the appendix, see Table 38).

This study gives first insights into the asymmetric accountability provisions of Eurozone parliaments within the newly established EFSF. The study has, however, also some shortcomings. First, the tripartite classification of the study is imprecise. Although it gives valuable information on whether the entire plenary or only standing committees decide on the release of sovereign aid packages, it does not differentiate in detail whether the financial tranches within a sovereign aid package are additionally subjected to a vote of parliamentary bodies. In some cases, the classification of parliaments was furthermore ambiguous: although the Maltese parliament should formally decide on sovereign aid packages, it is the Maltese Minister of Justice who decides on a case-by-case basis whether parliamentary approval is required or not (see Table 38 in the appendix). One should also keep in mind that, as stepping-out-guarantors, Greece, Ireland and Portugal cannot take a vote on EFSF sovereign packages although they have been classified (formally correct) in the third and strongest category of parliamentary involvement. Second, the study does provide rich empirical data, but does not *explain* the varying patterns of parliamentary involvement; it is descriptive in nature. And third, there is evidence that the EFSF participation rights differ – at least in some parliamentary settings – significantly from the accompanying provisions of the European Stability Mechanism. Konrath, for instance, has shown how the Austrian parliament established firm control over government decisions within the ESM while its role in the former EFSF had been rather weak (see Konrath 2012). Also, interview evidence from parliamentary representatives of the Dutch second chamber indicates that the parliamentary participation rights of the Netherlands are stronger than the Deutsche Bank Research study suggested; and in Germany, the Bundestag’s ESM participation rights have been significantly strengthened in comparison to former versions of the EFSF accompanying laws (due to judgments by the German Constitutional Court, see for instance German Constitutional Court, 2011, 2012).

Furthermore, the concrete design of parliamentary participation rights takes different forms. In some parliamentary settings *ex-ante* provisions have been created in which parliamentary bodies take a formal vote before the national government formally enters the negotiations on a sovereign aid package. In case of the third Greek sovereign aid package in August 2015 the parliaments of Austria, Estonia, Finland and Germany have taken such an *ex-ante* vote (see Kreilinger 2015). These are the only parliamentary chambers that could potentially block the opening of negotiations leading to financial assistance. *Ex-post* provisions, on the other side,

can include the formal vote of either a parliamentary committee, the plenary or other obligatory consultation procedures (without formal voting) in parliament. In some accompanying provisions, this formal participation can furthermore be constrained in exceptional circumstances, such as urgency or confidentiality. Only few provisions define precisely what these exceptional circumstances are, attributing national executives some scope of discretion to decide on parliamentary involvement. In other cases, national governments have voluntarily decided to involve parliamentary chambers in the decision-making process (although this was no legal requirement). In sum, formal parliamentary involvement varies significantly: it can be constrained by exceptional circumstances or be expanded due to political decisions of national governments.

Based on these considerations, I developed a questionnaire to assess the formal participation rights of national parliaments within the ESM. The questionnaire was sent to the permanent representations of national parliaments in Brussels as well as to selected committees within the parliament (see below). The starting point is that the specificity with which legal constructions outline parliamentary participation differs across the 18 Eurozone parliaments.³⁰

Does your parliament take a vote on each sovereign aid package within the ESM framework?	
Answer	Further explications
Yes	
If yes, which parliamentary body is responsible? The plenary, a committee, or a special committee established for that specific purpose?	
No	

Does your parliament decide on each financial tranche of sovereign aid packages (or modifications of the sovereign aid packages)?	
Answer	Further explications
Yes	
If yes, which parliamentary body is responsible? The plenary, a committee, or a special committee established for that specific purpose?	
No	
If the government exclusively decides, is it nonetheless obliged to inform specific parliamentary bodies in advance? If yes, which ones?	

Is the government obliged to report on activities within the ESM framework?	
Answer	Further explications
Yes	
If yes, please specify. Does it provide annual or quarterly reports? Is the entire plenary informed or only specific committees?	
No	

³⁰ To give an example: While the German accompanying laws differentiate between purchases at the primary and secondary market or describe detailed circumstances under which the government can circumvent full parliamentary participation, other parliamentary provisions are less specific and therefore more difficult to compare.

As a consequence, a detailed qualitative assessment of each of the eighteen settings would provide a richer analysis of what national parliaments are formally entitled to do. The challenge for the questionnaire was to identify aspects which are comparable across the 18 cases. I do therefore not claim that the categories chosen assess the full range of parliamentary involvement, nor that they cover every potential relevant aspect. However, the questions eventually chosen make it possible to compare parliamentary participation across the 18 countries under investigation on a broader level. It contained the following three questions (the full questionnaire – including its appendix – can be found in F.1):

The first question resembles a question posed in the Deutsche Bank study (“Does your parliament take a vote on each sovereign aid package within the ESM mechanism?”). A formal vote indicates strong parliamentary participation; the government representative must seek prior approval before a decision in the ESM Board of Governors can be taken. This allows parliaments to publicly deliberate on the policy proposal in question. Respondents were then asked to specify whether the entire plenary takes the decision or whether the decision is or can be delegated to parliamentary bodies (such as sectoral committees or even specialised committees established for that very purpose).³¹

The second question asked whether a parliament decides on each financial tranche within sovereign aid packages (or modifications thereof). The full sum of a financial assistance package is not paid out at once, but distributed over the duration of the programme. A sovereign aid package can already set pre-defined amounts of financial tranches.³² The question is whether parliaments can still decide – or whether they are at least informed – if and to what extent conditions have been fulfilled by the recipient state. If that is not the case, approving a sovereign aid package equals issuing a counter cheque, defying further parliamentary control. Respondents were asked to specify whether the entire plenary or only specific parliamentary bodies take this decision.

The last question addressed specific information obligations of the government towards the parliament. Regular information on ESM activities are a pre-condition for effective scrutiny. Whether parliaments are only informed upon request or whether they automatically receive information before the ESM Board of Governors takes a decision influences their ability for effective parliamentary control. Expecting a huge variety of obligations to inform the parliament, the question was openly formulated. In all cases, respondents had the possibility to include further comments in the questionnaire.

³¹ So far, votes on sovereign aid packages have been relatively rare. Besides Greece (which received three packages in 2010, 2012, 2015), sovereign aid packages were so far supplied for Ireland, Portugal, the Spanish banking sector and Cyprus.

³² The disbursement of financial assistance is subjected to strict conditionality which is regularly assessed by external evaluators (especially through assessment reports of the (former) Troika, composed of the European Commission, European Central Bank and the International Monetary Fund).

A fourth dimension of parliamentary participation was not addressed in the questionnaire, namely whether simple or enlarged majorities were requested to ratify the ESM treaty. This information will be used for the further analysis (see especially B.4.1.4) but it was publicly available (European Commission 2013). The questionnaire therefore focused on information that was difficult to retrieve from publicly available sources. The main reason for keeping it short was to minimise the efforts to fill it in (and thus increasing the response rate).

A first round of questionnaires was sent via email to all permanent representations of national parliaments of Eurozone Member States in Brussels between January and April 2013. First contacts with a number of permanent representations had already been established within the OPAL project³³. Besides English, the questionnaire was translated into French and Spanish.³⁴ It contained the study of the Deutsche Bank Research in the appendix to inform respondents about existing participation rights within the EFSF. 13 out of 18 permanent representatives responded to the questionnaire by mid-2013 (Austria, Cyprus, Estonia, Finland, Germany, France, Ireland, Italy, Latvia, Luxembourg, Netherlands, Portugal and Slovenia). In a second step, the questionnaire was sent to deputies of European Affairs and Financial Committees to complement previous answers. Where the permanent representatives gave slightly ambiguous answers (France and Italy), the questionnaire was again sent to deputies of the respective parliamentary committees. The responses have been cross-checked with accessible online information. Also, contacts to country experts within the OPAL project allowed cross-checking the responses to the questionnaires. Quite often, respondents directly referred to those legal provisions from which the participation rights in their national settings were derived. The questionnaire was also sent to stepping-out guarantors, most notably Cyprus, Greece, Ireland, Portugal and Spain. With the exception of Greece, all countries have already provided financial assistance to at least one other country. In this respect, the provisions on the issuing of financial assistance are also relevant for – at that time – programme countries.

Table 2 shows the shortened version of the responses from permanent representations and/or deputies from the respective committees (the full version can be found in the appendix, see Table 39). Partly, information from the accompanying or budgetary laws was added (in *italics*) in case respondents made an explicit reference to it.

³³ OPAL has been a research collaboration of the universities of Cambridge, Cologne, Maastricht and Sciences Po (Paris). It was funded, among others, by the Deutsche Forschungsgemeinschaft (DFG), see: <http://opal-europe.org/>.

³⁴ All permanent representations received the English version of the questionnaire. The French version was additionally distributed to the Belgium, French and Romanian permanent representation. The Spanish version was additionally sent to the Spanish permanent representation.

Table 2: Parliamentary participation within the ESM (short version)

Country	Does your parliament take a vote on each sovereign aid packages within the ESM framework?	2. Does your parliament decide on each financial tranche of sovereign aid packages (or modifications of the sovereign aid packages)?	3. Is the government obliged to report on activities within the ESM framework?
Austria	Yes. The plenary mandates the Austrian representatives in the Board of Governors. A competent sub-committee mandates the Austrian representative in cases of urgency.	No. The parliament does not decide on each financial tranche of sovereign aid packages.	Yes. The Minister of Finance provides quarterly reports.
Belgium	No.	No.	No formal obligation.
Cyprus	No. Parliamentary participation rights are derived from the constitution.	No.	No. Only if a parliamentary committee explicitly requests this information.
Estonia	Yes. The decision is usually taken by the plenary, but can be delegated to the European Affairs Committee.	Yes. The EAC usually takes the lead.	Yes. The government must inform the plenary about ESM related activities with annual reports; further information upon request.
Finland.	Yes. The Grand Committee takes the decision.	Yes. Decision is taken by the Grand Committee.	Yes. The plenary must be regularly informed.
France	No. However, the government must inform the Budget Committee in advance.	No. No decision by the parliament is foreseen.	Yes. The government must report on ESM-related activities three times a year.
Germany	Yes. The plenary usually takes this decision. The Budget Committee must be informed.	Yes. The plenary usually takes this decision. Only in cases of urgency and confidentiality, it is theoretically possible that a special committee (Sondergremium) takes this decision on behalf of the plenary.	Yes. The government is obliged to inform the Bundestag comprehensively and at the earliest possible time.
Greece	No. As a stepping-guarantor, there is no vote in the parliament.	No. But the Budget Committee is informed about changes of its own Memorandum of Understanding.	No obligations to regularly inform the parliament.
Ireland	No.	No.	No. The Minister of Finance is only required to report to on the aggregate value of contributions made by the State to the authorised capital stock of the ESM.

Italy	Rather no, but the government must inform the Budget Committee in advance.	Rather no, but the government must inform the Budget Committee in advance.	No.
Latvia	There is no legal requirement.	No.	Yes, the parliament must be informed on ESM-related activities.
Luxembourg	No.	No.	Yes, the parliament must be informed on ESM-related activities
Malta	No.	No.	Optional. The Finance Minister can be summoned to report on the activities of the ESM before the Public Accounts Committee of the national parliament.”
Netherlands	Yes. Every decision must be taken by the plenary, but MPs could in principle decide not to take a vote.	Yes. The decision is taken either by the plenary or the Finance Committee.	Yes. The government is obliged to inform on all ESM related decision in public and ex ante.
Portugal	No.	No.	The government informs the parliament on all relevant ESM activities within one month.
Slovenia	No.	No.	No.
Slovakia	No.	No.	No. But the Government presents the main elements of the financial programme and the total amount of the programme to the Committee on EU Affairs.
Spain	No.	No.	No.

Source 3: Own presentation, based on questionnaires send to parliamentary administrations and deputies of the respective chambers. In italics, treaty provisions mentioned in the responses have directly been inserted. The responses can be found in the separate appendix of the thesis (on CD-ROM): For Austria see QESMPR_Austria_2013-01-13; for Cyprus see QESMPR_Cyprus_2013-02-18; for Estonia see QESMPR_Estonia_2013-01-31; for Finland see: QESMPR_Finland_2013-01-16; For France see: QESMPR_France I 2013-01-30, QESMPR_France II 2014-03-06 and QESMPR_France III 2014-04-10; for Germany see: QESMPR_Germany 2013-02-14 and ESMFinG, available from: <http://www.gesetze-im-internet.de/bundesrecht/esmfing/gesamt.pdf> (last accessed: 14.03.2014); for Greece see QESMPR_Greece 2014-04-04 and QESMPR_Greece II 2014-04-10; for Ireland see QESMPR_Ireland 201-03-26, for Italy see: QESMPR_Italy 2013-04-22, for Latvia see: QESMPR_Latvia 2014-09-26, for Luxembourg see: QESMPR_Luxembourg 2013-03-31, for Malta see: QESMPR_Malta 2014-02-04, for the Netherlands: see QESMPR_Netherlands 2014-07-22, for Portugal see: QESMPR_Portugal 2013-02-12, for Slovakia see: QESMPR_Slovakia I 2014-01-28, QESMPR_Slovakia II 2014-02-03, QESMPR_Slovakia II 2014-02-04; QESMPR_Slovakia IV 2014-02-04; for Slovenia see: QESMPR_Slovenia 2013-04-23; for Spain see: QESMPR_Spain 2014-04-04.

*Vote on Sovereign Aid Packages*³⁵

The first column allows an assessment of whether parliaments can vote on sovereign aid packages. Only five parliaments foresee a formal vote on sovereign aid packages, namely Austria, Estonia, Finland, Germany and the Netherlands. The Finnish case is special since the adaption of a sovereign aid package requires the involvement of the Grand Committee, but not the plenary. However, the Grand Committee has a dominant position in the parliamentary system in Finland. It often acts on behalf of the plenary. The delegation of certain competences from the plenary to the Grand Committee is rather a sign of a division of labour than a sign of insufficient involvement of the parliamentary plenary.

In Austria, the Netherlands and Germany the consent of the plenary is required, while the Estonian European Affairs Committee may decide – under special circumstances – on behalf of the plenary. Strictly speaking, the Dutch MPs can decide themselves whether they want to take a vote on a sovereign aid package or not. So far, this has always been the case. I therefore classify the Dutch Chamber of Representatives as formally having the right to decide on each sovereign aid package.

These findings are largely in compliance with the Deutsche Bank Research study on parliamentary participation within the EFSF: Estonia, Finland and Germany still belong to the group of parliaments with the strongest participation rights. Austria, within the EFSF mechanism, belonged to the group of parliaments that only possessed information rights (see Heinen, Theiss 2011) but no formal say. This assessment is correct for the EFSF, but the Austrian parliament has meanwhile strengthened its participation rights significantly within the permanent ESM rescue mechanism (see the case study on Austria in C.2.2). Regarding the Netherlands, the Dutch permanent representation in Brussels clarified that the classification of the Netherlands in the second category by the Deutsche Bank Study was probably incorrect; the Dutch parliament already possessed strong formal participation rights within the EFSF mechanism (see QESMPR_Netherlands 2013-07-22).

Italy, France, Latvia and Spain are cases in-between. In all cases, no legal requirements exist to involve the parliaments in the decision-making on the sovereign aid packages. However, the governments of these countries either recently took the political decision to involve the parliaments when granting financial assistance to the Greece (France, Latvia, Spain) or they established consultation mechanism that require the government to inform certain parliamentary bodies before a decision in the Board of Governors can be taken. In the Latvian case, the government has a scope of discretion to decide whether the Saeima should be involved in the decision-making or not. Latvia only joined the Euro in 2014 and did therefore

³⁵ In the following, I will occasionally use the information provided in the questionnaires to describe the different forms of parliamentary involvement. Since I guaranteed the respondents anonymity, I will not refer to the respondents by name. All information can, however, be found in appendix, see Table 39.

not participate in the ESM votes on Cyprus or the Spanish Banking sector. However, the Latvian Saeima formally voted on the third bailout package for Greece in August 2015. Since this was the first vote of the Latvian Saeima on a sovereign aid package, this might establish a political practice from which it is difficult to deviate in the future. The Latvian Saeima is therefore classified as a chamber with medium-strong participation rights regarding the release of sovereign aid packages. The French and Spanish parliaments also formally voted on the third sovereign aid package for Greece in August 2015 (Riedel 2015). These votes were not legally binding. In the French case, the parliament did also take decisions on sovereign aid packages in the past while the Spanish parliament voted for the first time on a sovereign aid package. Due to strong executive dominance (France) or a relatively weak role of the parliament in EU affairs (Spain), it seems more unlikely for these two parliaments to permanently establish a stronger role beyond the legal provisions. In the Italian case, the government must, consult the houses in order to take a decision on a sovereign aid package. An explicit vote is not required and the Italian chamber did not take a formal vote on the third sovereign aid package for Greece.

Vote on Release of Financial Tranches

The second column assesses whether parliaments *additionally* decide on each financial tranche within the sovereign aid package. In the majority of the cases, parliaments do not have a specific say. Only in four out of 18 countries parliaments must consent to the release of financial tranches within a sovereign aid package. In the Estonian case, the plenary decides on the release of tranches. Only in specific, pre-defined circumstances these decisions can also be taken by the European Affairs Committee. The EAC can decide on behalf of the plenary when tranches have already been pre-defined in the sovereign aid package or do not result in changes related to the overall volume (see QESMPR_Estonia_2013-01-31). Estonia is the only country in which the European Affairs Committee has such a dominant position. In the Dutch case, all decisions regarding the modifications and release of financial tranches are taken by the Financial Affairs Committee or the plenary. The Government must assure that there is a (simple) majority in the Dutch House of Representatives. The second chamber is not involved. Similar to the decision on the release of sovereign aid packages, Dutch MPs could in principle decide not to take a decision.

The German accompanying provisions stipulate in detail under which conditions the parliament must be involved. Regarding the release of tranches (§5(3) ESMFinG) the parliament must be informed comprehensively and in time in order to issue a position that the government must take into account. Only under strictly defined circumstances – which have been specified in a judgement by the German Constitutional Court in February 2012 – a special sub-committee may take decisions on behalf of the plenary. These exceptional cases are negligible since “the German Bundestag complies its function as a body of representation

in its *entirety* and through the participation of *all* its Members” (German Constitutional Court 2012: par. 102).³⁶ Also, this so-called ‘Sondergremium’ (special committee) has not convened a single session until today (see also the BVerfG judgments in the case study on Germany in C.2.1.2.3). In sum, Estonia, Finland, Germany and the Netherlands decide (or can decide) on the release of tranches within a sovereign aid package and therefore form a group of parliaments with quasi-veto powers throughout the duration of the programme. In Austria, a competent Standing Sub-Committee must mandate the Austrian representatives in the ESM Board of Governors to consent or abstain from a vote changing instruments without amending the amount of a given financial stability facility (§ 32h (1) no. 5 Geschäftsordnungsgesetz). A plenary debate follows this vote, but has only an informative character. However, there is no explicit vote on the release of tranches since provisions for the release can and should also be voted upon within the initial decision on a sovereign aid package. In contrast to the other four parliaments, the Austrian Nationalrat does not take an explicit vote on the release of financial tranches, but must give its consent to all other modifications or changes of instruments within a sovereign aid package. It therefore possesses strong formal participation rights, but is no quasi-veto players as the other four parliaments.³⁷ The remaining parliaments do not have an explicit say on the release of financial tranches within an aid package.

Information Rights

The obligation of the government to inform the parliament on ESM activities is subject to huge variation. In some parliaments, the government is not obliged to inform parliament at all. This is, for instance, the case in Slovakia, Spain or Cyprus. In these countries, information is only delivered upon request.³⁸ The President of the European Affairs Committee in the Slovakian Parliament (who responded to the Slovakian questionnaire in person) explained that there was a discussion in the European Affairs Committee on how strongly the parliament should be involved in ESM affairs. The parliamentarians eventually decided for more flexibility for the government. First, they feared that stronger parliamentary powers could be misused by populist parties in the parliament. Secondly, strong formal participation was regarded as unnecessary since informal channels between the President of the EAC and representatives of the Ministry of Finance exist (see appendix, QESMPR_Slovakia I 2014-01-28). They reduce the need to formally involve the parliament. In Luxembourg, the

³⁶ Emphasis added by the author.

³⁷ In the Portuguese case the government exclusively decides on the release of financial tranches. However, the government “shall” inform the parliament within one month to justify the terms and conditions of each operation within the aid packages. That makes the Portuguese case slightly different from the remaining 12 cases in which the parliaments are all not involved in the release of financial tranches. However, the Assembleia is not taking a vote and can therefore not be classified in one of the first two categories. Here, the assessment of the formal strength of the Portuguese parliament differs from the assessment of the Deutsche Bank study.

³⁸ In line with previous research, Spain and Cyprus were classified as the countries with the weakest participation rights in EFSF affairs in the Deutsche Bank study. The Slovakian parliament was, in contrast, classified as a parliament with medium strong participation rights.

parliament adopted a motion asking the government to systematically inform the Finance and Budget Committee prior to meetings of the Council of Governors of the ESM in order “to set forth and discuss” the position of the Luxembourg Governor. The Committee is also informed on the outcome and the financial implications of the meetings of the Council of Governors (see QESMPR_Luxembourg 2013-03-31). Also, rather loose information rights exist for Malta and Ireland. The Maltese Finance Minister stated in the response to the questionnaire that he “*can*³⁹ be summoned to report on the activities of the ESM before the Public Accounts Committee of the national parliament” (QESMPR_Malta 2014-02-04). This *can*-provision does not guarantee that the parliament is regularly informed, but provides information upon request. In Ireland, the Finance Minister has to report about the aggregate value of contributions made by the state to the authorised capital stock of the ESM. However, there are no provisions that would guarantee regular information on the day-to-day activities of the ESM. In other parliamentary settings, information obligations are more strictly defined. In the French case, for instance, both houses have to be informed each trimester on ESM activities. Additionally, the parliament is informed when ESM governors take decisions, although it is not specified whether the parliament is informed *ex ante* or *ex post*. In the Austrian case, the government has to provide quarterly reports to the standing-subcommittee. Furthermore, there are specific reporting requirements defined in the Austrian Parliament’s *Geschäftsordnungsgesetz*.

Generally, those parliaments that have strong participation rights with regard to the vote on sovereign aid packages and the release of tranches therein also have the strongest information rights. In the Estonian case, the government must provide annual reports, but the minister must additionally inform the parliament immediately – in writing – about a) the application of stability support and b) decisions taken to terminate the emergency reserve fund. Also the German provisions are quite extensive. The government is obliged to inform the Bundestag about all ESM-related activities comprehensively and at the earliest possible time in order to allow the Bundestag to issue a statement that the representative of the government must take into consideration. Seven days after a country has sent a request for financial assistance, the government must provide the parliament with a first assessment. In the Netherlands, the government is obliged to inform the plenary of the House of Representatives on all decisions of the ESM in order to be discussed *ex ante* in a public debate. The Dutch provisions allow public deliberations on ESM activities, although most of the time the discussion of ESM activities is done in anticipation of regular debates, for instance in the run-up to Euro Group or ECOFIN Council meetings. In the Finish case, the government must additionally provide information before and after each meeting of the Board of Governors.

³⁹ Emphasis added by the author.

Five Types of Parliamentary ESM Participation

Based on this information, different types of parliamentary involvement in ESM affairs can be formed inductively. These types possess characteristics that partly overlap: some parliaments (can) take a formal vote on each sovereign aid package *and* the release of financial tranches therein (type 1). Other parliamentary settings only foresee the vote on a sovereign aid package, but do not require further parliamentary involvement throughout the duration of the programme (type 2). In other settings, specific parliamentary bodies must be informed about ESM-related decisions before the government may take a decision in the ESM Board of Governors, or these parliaments have recently been involved in the decision-making process although this was not a legal requirement (type 3). In a fourth type, the government must regularly inform parliamentary bodies on ESM related activities (type 4). In order to be classified in type 4, formal provisions on the obligation of the government to inform the parliament must exist. Type 5 therefore includes those parliaments that do not possess formal information rights. This is not to say parliamentary opposition to a sovereign aid would not impact on the decision-making processes; nor does it say that individual MPs or political party groups cannot request information on ESM activities. However, constitutive for parliaments in type 5 is the fact that these information rights are not formalised.

The major difference is between those parliaments that are institutionally involved in the release of sovereign aid packages (type 1 and 2) and those that are not (type 3,4 and 5): this (non-) involvement constitutes a major qualitative difference while the classification of the other types shows differences in the degree of involvement. Klaus Regling, the managing director of the European Stability Mechanism, explained in a hearing of the Economic and Monetary Affairs Committee in the European Parliament in January 2014: “In about a third⁴⁰ of the euro area countries the finance minister could agree to the programme only once his or her national parliament had given authority to do so“ (Regling 2014). Regling is referring to the parliaments of type 1 and 2, namely Austria, Estonia, Finland, Germany and the Netherlands. In this argumentation, the strong parliamentary participation rights are considered a proof of strong democratic legitimacy of the current rescue policy.⁴¹ This aspect will again be addressed in the four case studies (see C.2). The five parliaments with the strongest participation rights vote on each sovereign aid package, but only four of them approve additional tranches as a general rule: the Estonian, the Finnish, the German and the Dutch parliament. I label these four parliaments *quasi-veto players* (see Figure 2). Although

⁴⁰ At this time, the Eurozone was composed of 17 countries only.

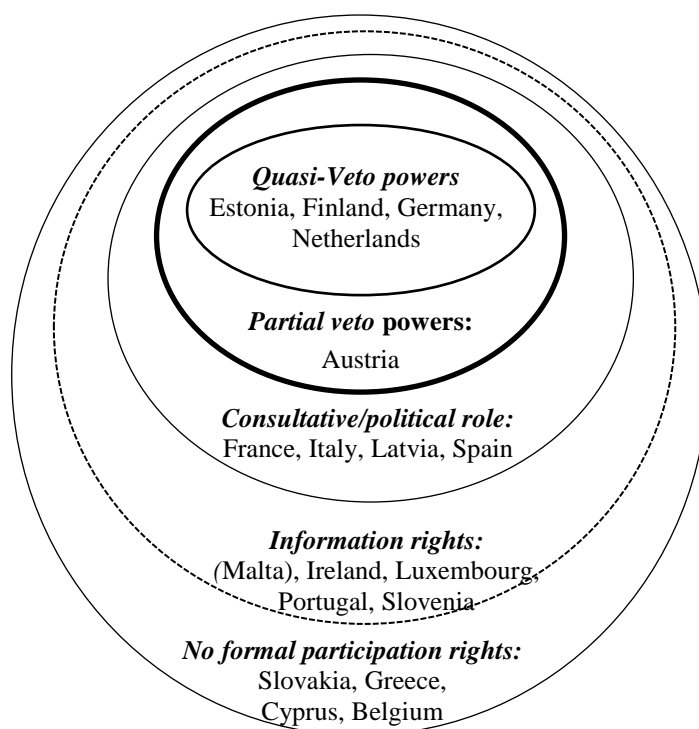
⁴¹ In other settings, the involvement of national parliaments was not necessarily regarded as an added value in democratic terms. During the ratification debate in the French Senate, the former Minister for European Affairs declared that the European Stability Mechanism “est contrôlé par les ministres des finances des États membres de la zone euro, qui ont la légitimité démocratique pour prendre des décisions” (Pernin 2012). From the perspective of the former French government, it seems that the involvement of national government representatives was regarded as sufficient to ensure democratic legitimacy.

only the Bundestag has a ‘real’ blocking power (because it represents more than 20 per cent of the subscribed capital), decisions within the ESM framework have so far always been taken by consensus. This gives the other three parliaments likewise quasi-veto powers. In principle, a parliamentary majority in these four countries could deny the release of a financial tranche within a sovereign aid package as well as a sovereign package. That puts them into a powerful position and allows exercising significant influence over the management of the crisis. However, variation between these four countries exists. The decision on financial tranches can – under specific circumstances – be delegated to committees (such as the Grand Committee in Finland or the European Affairs Committee in Estonia). Also the German regulations allow for exceptions from the rule that the plenary must take decisions on financial tranches (see §5(2) ESMFinG). However, these differences are mainly related to procedural questions. They weigh less since all these parliaments can potentially block decisions on the release of financial tranches within the ESM framework. Therefore, the four parliaments are all classified in the group of parliaments with *quasi-veto powers*. It must be noted, however, that none of 18 Eurozone countries does possess *maximum veto rights* in the sense that the release of each financial tranche depends on a public vote in the plenary – without exceptions.

The Austrian parliament also belongs to the group of strong parliaments since it takes a vote on sovereign aid packages. Taking unanimity as the (political) rule in the ESM Board of Governors, the Austrian Nationalrat could in principle block the decision on a sovereign aid package as well. The only difference to the four other parliaments is that the Austrian Nationalrat does not necessarily decide on the release of each financial tranche. It has a veto with regard to sovereign aid packages, but not with regard to the release of financial tranches. If we take the formerly weak participation rights of the Austrian Nationalrat within the EFSF into account, it is fair to classify the Austrian parliament in a second group which I label *partial veto player*. Although the Austrian parliament has fewer formal powers than the other four parliaments, all five can – at least theoretically – block or slow down decisions taken within the ESM framework.

Italy, France, Latvia and Spain form a third group of parliaments which possess a *consultative or political role* only. In Italy, the government must inform the respective parliamentary chamber(s), but it is not obliged to do so in advance. In France, Latvia and Spain, the parliaments have taken formal decisions on sovereign aid packages (at least for the third sovereign aid package to Greece in August 2015) although this was no legal requirement. These parliaments are thus special cases in which formal regulations and political practice deviate. Especially due to the size of France, Italy and Spain, these parliamentary chambers are in a more powerful position than the remaining parliaments.

Figure 2: Types of parliamentary ESM participation



Source 4: Own presentation.

These cases are slightly different from those of Luxembourg, Portugal, Malta⁴², Ireland and Slovenia where parliaments are not formally involved in decision-making on sovereign aid packages. They are, however, regularly informed on ESM activities, ranging from annual to tri-semester reports that must be provided by the government. These parliaments possess legally defined *information rights*. These rights must not necessarily be sufficient to effectively control the government at the European level. However, these parliaments can refer to some statutory provisions that guarantee a minimum level of information. This is different from the remaining seven countries: In Slovakia, Greece, Cyprus and Belgium parliamentarians are, if at all, only informed about ESM activities upon request. They form a type of *parliaments with no formal participation rights*. Consequently, they have no formal tools to control European or national actors in ESM decision-making.

Succinctly, this classification distinguishes two qualitatively different types of parliaments: those that take a vote on sovereign aid packages (type 1 and 2) and those that do not (type 3 to 5). It also makes clear that no parliament possesses the strongest possible form of parliamentary participation, i.e. a public vote by the plenary for the release of each single

⁴² Also Malta is classified in between type four and type five, since obligations to inform the parliament have been formulated with a 'can-provision'. However, since this already exceeds the formal information rights of Cyprus or Belgium, Malta was classified in the fourth category.

tranche within a sovereign aid package. Beyond that, the participation rights of parliaments range from non-involvement to quasi-veto players within the ESM framework.

This classification represents a snapshot of parliamentary ESM involvement. Accompanying provisions can be modified; parliamentary party groups might request stronger involvement or governments might decide to voluntarily involve parliamentary chambers due to the political significance of the decisions being taken. This is a likely scenario since the ESM was so far only rarely activated. A 'learning process' might therefore take place among the different parliamentary chambers which might lead to a stronger involvement in the long term.

As a general rule, if special accompanying laws regulate the parliamentary influence in ESM decision-making, the formal participation rights of parliaments are stronger. If participation rights are only derived from rather vague constitutional provisions, formal participation is rather weak or even non-existent. The classification not only reveals an asymmetry of parliamentary powers between Eurozone and non-Eurozone parliaments, but also between parliaments *within* the Eurozone.

B.2 Theoretical Considerations

The following chapter seeks to identify (theoretical) explanations that account for variation in parliamentary involvement in ESM affairs. King et al. define a theory as “a causal argument of universal, transhistorical validity and nomothetic quality, which can be tested through the falsification of a series of hypotheses” (quoted in: Wiener, Diez 2009: 3). I will first start with a rather broad theoretical interpretation of the management of the crisis before I turn to the question of parliamentary involvement.

Responses to the Crisis from the Perspective of EU Integration Theories

The responses to the current crisis have been addressed in a number of theoretical contributions focussing on classical theories of European integration (see for instance Niemann and Ioannou 2015; Schimmelfennig 2015b; Verdun 2015). Especially neo-functionalism, liberal intergovernmentalism and approaches of path dependency provide useful tools to understand the management of the crisis from a macro-perspective. They can help explaining *why* sovereignty was transferred from the national to the European level (for instance federalist or neo-functionalist approaches), but also *how* this process was carried out (such as historical institutionalism) and in how far *power relations* influenced the concrete design of the crisis responses (such as liberal intergovernmentalism or – to a lesser extent – neo-realist approaches). None of these approaches can solely explain the management of the crisis or the establishment of the European Stability Mechanism, but are offering useful tools for a comprehensive understanding (more below).

What complicates the application of classical theories of European integration is the fact that the Eurozone crisis is in many respects without precedent. These theories conventionally aim at explaining the deepening and widening of the EU political system. At first glance, deepening and widening have taken place throughout the crisis. The Eurozone was enlarged by Estonia (2011), Latvia (2014) and Lithuania (2015) and the EMU governance frame was deepened by numerous reforms (see again A.4.1). However, there had been warnings that the EMU was unlikely to survive in its initial form (see for instance Feldstein 1997). The outbreak of the crisis came as a surprise for most decision-makers. The very definition of a ‘crisis’ implies that policy-makers were confronted with a situation for which there was no rule book or pre-defined routines and practices on how to deal with it. Furthermore, a systemic crisis also implies that the stability and the survival of the entire system are (or are at least perceived to be) at risk. Although economic crises (and even banking crises and the default of sovereign countries) regularly occurred in recent decades, the specific design of the Economic and Monetary Union posed challenges to adequately respond to the financial and economic turmoil starting in 2007/2010. In the EMU, a single monetary policy is pursued by the European Central Bank (Art. 119 and 127 TFEU) while fiscal and economic policies rely

on a mixture of hard and soft coordination mechanisms which ultimately leaves responsibility with the Member States. This structure has often been described as deficient. German policy-makers initially rejected the idea that a common currency union could be created without a political union (Kohl 1991). The current EU treaties stipulate that the economic policies of the Member States shall be considered a “matter of common concern” (Art. 212 TFEU). The 1997 Stability and Growth Pact tried to foster responsible fiscal policies of the Member States, and the entrance into the common currency union was conditioned by the fulfilment of so-called convergence criteria.

These instruments had proven to be ineffective in the time before the outbreak of the crisis (see for instance Eichengreen 2012). Neither were the convergence criteria to enter the Eurozone fully respected in the late 1990s (Hix, Høyland 2011: 245ff) nor did the Stability and Growth Pact rigorously sanction countries violating the self-imposed rules (Seng, Biesenbender 2012). With the benefit of hindsight, the Eurozone was not equipped with policy tools to tackle diverging economic cycles or asymmetric economic shocks (see Krugman 2012); it also possessed no answer to the question of what to do with Member States that were not willing or not able to comply with the self-imposed rules of economic harmonization. The current EU treaties exclude the possibility to bail-out a country or the exit from the Eurozone. They do also not define mechanisms to handle a sovereign default of a Eurozone Member State. The result is an impossibility-trinity of “no exit, no bail-out, and no default” with which European policy-makers were confronted at the onset of the crisis.

Neo-functionalism Explanations

The mismatch between a centralised monetary policy on the one hand and a decentralised economic and fiscal policy on the other is the starting point of many neo-functionalism and historical institutionalism accounts explaining the management of the crisis. In such a conception, the creation of Economic and Monetary Union in the 1990s is the ultimate ‘critical juncture’ which structures many of the policy responses since the outbreak of the crisis (Verdun 2015: 224). Functional spill-overs thus resulted from the endogenous interdependence of Euro area Member States as well as from converging preferences to preserve the Eurozone (Schimmelfennig 2015: 179). From a neo-functionalism perspective, the ultimate objective of the management of the crisis was the preservation of the Single Market. For this to be achieved, adjustments to the current design of the EMU had to be made. The status quo of the EMU design had turned out to be unsustainable.

The status quo was unsustainable for *all* Eurozone Member States, but two groups can be distinguished to highlight the divergent preferences during the crisis negotiations: Those countries which were heavily indebted on one side and economically strong Member States which were in the position to provide financial assistance. The unsustainability of the status

quo, however, did not mean that both groups of countries had common interests about future reform steps. Neo-functional accounts can thus offer valuable explanations as to *why* functional needs occurred to change and reform the Eurozone, and to ultimately deepen economic and fiscal cooperation. The establishment of financial assistance tools (EFSF/EFSM/ESM), the strengthening of mechanisms to foster economic coordination (the TSCG, Euro-Plus Pact and the revised StGP) as well as the common supervision of (numerous) European banks (Banking Union) can both be interpreted as spill-over effects, resulting from a deficient design of the EMU (as created at the beginning of the 1990s). However, these accounts do not necessarily explain the direction of the management of the crisis.

Political Economy and Optimal Currency Areas

To understand the diverging preferences of Eurozone Member States, it is helpful to draw on theories from the field of the political economy. Mundell (1961) and Kenen (1969) have developed a theory of optimal currency areas (OCA) in which they identify different mechanisms to tackle economic cycles and asymmetric economic shocks within a currency union. The starting point is that every currency area faces economic cycles. Some parts of a currency union inevitably perform better than others. This pattern changes over time. Consequently, the common exchange rate as well as the common interest rate will always be too high for some areas of the currency union and too low for others. It can never be optimal. Ideally, members of a currency union should have similar economic cycles to reduce the negative impact of divergent economic cycles and asymmetric shocks. The Maastricht criteria were initially designed to guarantee that only homogenous economies could enter the Eurozone. Bayoumi and Eichengreen, in 1993, modelled the impact of asymmetric economic shocks in Europe (to which they counted Germany, France, Denmark and the Benelux countries). The impact of asymmetric shocks was relatively modest. If Southern European countries were included into the model, however, the impact of economic shocks was much more severe and asymmetric (Bayoumi, Eichengreen 1993). As outlined above, the convergence criteria were not fully respected in late 1990. Only three out of eleven countries fully complied with all self-imposed criteria in the late 1990s. As a consequence, the members of the Eurozone were much more heterogeneous than initially intended by the architects of the Maastricht Treaty.

The more heterogenous a currency union is, the more difficult it becomes to address economic cycles and asymmetric shocks. A classical approach to address an economic downturn is to increase public spending. A significant increase of public spending is, however, hampered by the strict rules of the Stability and Growth Pact (as well as lately by the Fiscal Compact). Additionally, heavily indebted countries were essentially cut off from money supply by financial markets as a result of their worsening economic situation. Labour

mobility – another key mechanism in the conception of OCA – is equally deficient in the Eurozone due to linguistic and cultural barriers (see among others Jauer et al. 2014). As a consequence, Eurozone Member States had basically two options to address economic imbalances: either debtor countries would regain competitiveness by a process of ‘internal devaluation’, e.g. the reduction of salaries, pensions and social benefits combined with structural reforms in the economy, or through automatic large-scale fiscal compensations (which some would describe as a ‘transfer union’).

Liberal Intergovernmentalism and the Crisis

From the perspective of liberal intergovernmentalism, the mismatch between a centralized monetary policy and decentralized economic and fiscal policies is only the starting point to explain *why* reform pressure arose in the first place. In line with Moravcsik’s seminal work of intergovernmental negotiations (Moravcsik 1998), tough bargaining between debtor and donor countries determined the concrete design of the crisis response. Although the status quo was unsustainable for *all* Eurozone Member States, the question was whether economic adjustment should be primarily addressed through a process of internal devaluation *or* bail-out policies. Schimmelfennig describes the negotiations on the different bailout packages as a ‘chicken game’. Both parties would lose most in case of non-agreement. Beside the political damage of a euro dissolution, debtor countries risked sovereign default and abandoning the euro. For donor countries, on the other side, a breakdown of the euro would have resulted in a steep appreciation of their own currencies and a concurrent slump in exports (Schimmelfennig 2015: 181). However, both parties would also gain most if the other party gave in completely.

The fact that no previously defined procedures existed to deal with the crisis put national executives in a pivotal position. Fabbrini has convincingly outlined the limits of this intergovernmentalist approach (see Fabbrini 2013). First, the Heads of State or Governments had to overcome a veto-dilemma which necessarily occurs in intergovernmental bargaining. Legally, no Member States can be forced to give up sovereignty, to enhance economic coordination at the European level or to contribute to any kind of financial assistance. In order to overcome this veto dilemma, treaties were established outside of the EU legal framework. The EFSF/ESM, but also the TSCG and the Euro Plus Pact were ratified as intergovernmental treaties. In case of the TSCG, the Member States even agreed that the treaty could come into force if only 12 Eurozone Members (with a pre-defined capital share and economic weight) would ratify the treaty. The unanimity requirement was therefore *de facto* suspended, allowing for further differentiated integration between Eurozone and non-Eurozone member states. The British opposition to the TSCG, in particular, could be overcome with this approach. Second, the Heads of State and Government faced an enforcement dilemma. How could it be guaranteed that decision were applied which were ultimately taken on a voluntary basis? The ‘creative’ solution was to link some of treaties outside the EU legal framework

with each other. Any form of financial assistance from the European Stability Mechanism requires the ratification and implementation of the TSCG. This explains why Eurozone Member States, especially debtor countries, were willing to accept stricter economic coordination via the TSCG (which goes beyond rules set by the Stability and Growth Pact). For the donor countries it was obvious that they could only convincingly demand economic reforms in programme countries if they committed themselves to stricter economic surveillance as well. Overcoming the enforcement dilemma thus resulted in a legal construction that appears to some extent orderless. If the provisions of the TSCG and the StGP are in conflict with each other (for instance regarding the newly introduced reversed qualified majority threshold) the question arises: which of the two treaties has legal superiority? The treaty embedded in the EU legal framework or the intergovernmental treaty? And third, the intergovernmentalist approach also faced a compliance dilemma: how could it be guaranteed in the long-run that rules were respected which no longer fitted the interests of one or more voluntarily contracting parties? Fabbrini outlines how the Heads of State or Government addressed this dilemma by giving European institutions an important role in those treaties outside the EU legal framework. The European Commission, for instance, is part of the so-called former Troika to monitor the implementation of the Memoranda of Understanding in programme countries. The Court of Justice of the European Union can sanction the non-implementation of the debt-brake rule in national constitutional or statutory provisions; furthermore, the Stability and Growth Pact has been extended and reinforced in a way that it is now in many respects in line with the provisions of the TSCG. From a liberal intergovernmentalist perspective, the involvement of European institutions in treaties outside of the EU legal framework can be interpreted as a kind of ‘credible commitment’ (see Moravcsik 1998). Neo-functionalists would interpret this involvement as a kind of ‘cultivated spillover’ in which European institutions actively tried not to be side-lined and to increase their say in the management of the crisis.

Classical theories of European integration therefore provide useful explanations for the reforms of the Eurozone since the beginning of 2010 (Schimmelfennig 2015a). Ultimately, new Member States joined the Economic and Monetary Union in this time period (widening) and the governance frame was significantly extended (deepening). These theories thus provide convincing explanations for the initial pressure to ‘complete’ the EMU governance framework based on critical junctures and spill-over pressures. But they also explain the asymmetrical negotiation position of different groups of Member States, accounting for the specific design of the rescue mechanisms.

Parliamentary Involvement within the ESM

These theories do not, however, directly explain parliamentary involvement within the rescue mechanisms and especially within the European Stability Mechanism. In the following, I will

collect theoretical assumptions to explain why some parliaments have adopted strong participation rights in the ESM while others have not. These theoretical assumptions structure the data collection process for the independent variables (see B.4). I do not intend to test competing hypotheses with the objective of demonstrating the greater explanatory power of one theory over another. In line with arguments on configurational reasoning (see for instance Ragin 2006 and Rihoux, Ragin 2009) I assume that these different hypotheses can unfold their full explanatory potential in *combination* with others. The method I employ is ‘qualitative comparative analysis’ (QCA) and will be explained in chapter B.3.1. QCA is therefore not simply a research technique, but already contains a theoretical argumentation (see below).

Sixteen combinations of the four guiding assumptions are theoretically possible⁴³ (see chapter B.3.1). Not all of these combinations possess the same explanatory power. However, there are two combinations of guiding assumptions that I will elaborate upon in more detail at the end of this sub-chapter (see B.2.5). I assume that the combination of a strong macro-economic situation with either strong formal EU prerogatives or strong Eurosceptical parties accounts for strong parliamentary involvement in ESM affairs. The four guiding assumptions are primarily derived from the literature on parliamentary behaviour in EU affairs; they are all based on a rational choice logic. As for any theoretical design, the aim is to provide a lean explanation for a given outcome (see Sieberer 2007). Lean explanations do not necessarily account for all possible instances of an outcome, but aim at providing generalizable causal patterns. The following chapter first introduces the basic assumptions of rational choice approaches. In a second step, four guiding assumptions are derived from a thick description of empirical and theoretical evidence from parliamentary behaviour.

Rational Choice

Rational Choice is considered a ‘second-order’ or meta-theory. Its fundamental logic is that individuals or collective actors take decisions to maximize their own benefit. These approaches have been fruitfully applied in EU studies, and especially in legislative politics at the European level (see Pollack 2006: 37) (on the role of NPs in the general context of European integration see among others Benz 2004; Dimitrakopoulos 2001; Dinan 2012; Neunreither 2005).⁴⁴ Individuals or collective actors with pre-defined interests and preferences are assumed to be the decisive protagonists in EU decision-making processes. Variation regarding an observed phenomenon thus results from the different interests and preferences of these very actors.

⁴³ According to the QCA logic, the guiding assumptions (conditions) can either be present or absent. The dichotomous classification of the conditions leads to sixteen possible combination of conditions (2^4). This reasoning will be explained in detail in chapter B.3.1.

⁴⁴ The emergence of the EP as a decisive actor in the legislative procedure as well as the extension of QVM has been explained, alongside other approaches, with rational choice approaches.

National parliamentary party groups were the ultimate decision-makers in the ESM ratification process (although national governments and civil servants negotiated the ESM treaty as well as accompanying provisions). These actors could – at least theoretically – upload their preferences and interests to the European level and instruct their governments during the negotiations in a principal-agent relationship (for a general account on principal-agent relations in EU affairs see Kassim, Menon 2003).

This fundamental presumption informs the development of the guiding assumptions. I consequently assume that differences in ESM involvement can be explained with different preferences and interests of utility-maximizing actors within parliaments. These actors maximize their expected utility and thus follow the ‘logic of consequentialism’⁴⁵. Applied to national parliaments, parliamentary behaviour is determined by rational incentives and preferences, most notably re-election, policy impact or career ambitions. These incentives are expected to be fixed and exogenously given (although there is a controversy in the literature on the question whether preference formation is rather exogenously (rational institutionalism) or rather endogenously derived (historical institutionalism) (see Steinmo et al. 1992: 9, more below))⁴⁶.

Due to their role as parliamentarians, parliamentarians across Europe have a similar set of preferences, respectively similar interests in maximizing their expected utility. They defend, for instance, national interests and try to control their governments in EU affairs. If that was correct, however, there should be similar policy outcomes, i.e. similar parliamentary participation rights in ESM affairs in all 18 participating countries. This is not the case (see again B.1). Rational choice approaches therefore resort to additional tools explaining why actors sometimes pursue different actions despite a similar set of preferences in the first place: they are expected to take decisions *under constraints*. Neo-institutionalist accounts (for an overview see Hall, Taylor 1996; Kato 1996; Pierson 1996) assume that the preferences of actors are to different degrees shaped by institutional rules. Institutions – defined as “formal or informal procedures, routines, norms and conventions embedded in the organizational structure of the policy or political economy” (Hall, Taylor 1996: 938) – are regarded as a form of constraint. They shape political behaviour (see for instance Immergut 1997: 333) and thus help explaining, for example, variation in ESM parliamentary participation. They can furthermore either hinder actors to take specific actions close to their preferences and

⁴⁵ In contrast to the ‘logic of arguing’, see for the term Risse 2000.

⁴⁶ The assumption of exogenously given and fixed preferences of actors is a valid criticism that applies to all first-order theories derived from rational choice approaches (see among others Snidal 2002). This research project does, however, not intend to explain altered preferences of parliamentary actors over time. It tries to theorize their preferences at a fixed point. Applying the idea of exogenously derived preferences for this very empirical case seems thus tenable.

interests, or they can even alter these preferences in the first place. In both cases, the results are different policy outcomes, although based on initially similar preferences.

Applied to the ESM treaty, parliamentarians may have an interest in securing strong participation rights in order to increase their influence. These preferences are shaped, however, by different institutional environments: Parliaments issuing financial assistance are presumably interested in strong parliamentary involvement in order to guarantee the surveillance of financial assistance. Parliaments receiving financial assistance, on the other side, are hypothesized to have an interest in fast decision-making procedures which are not slowed down by extensive parliamentary deliberations. It is consequently rational for them not to insist on strong parliamentary involvement in order to reduce the number of possible veto players in this process. In this sense, acting *rational* can mean different things under different (institutional) constraints.

Four Guiding Assumptions Explaining Parliamentary Involvement in ESM Affairs

Assuming rationalist behaviour of collective actors as the starting point, I derive four guiding assumptions to explain the degree of parliamentary involvement in ESM affairs. First, the macro-economic situation of a country (see B.2.1) is hypothesized to influence the likelihood of strong or weak parliamentary involvement. Economic strength is an important element of power and can be perceived as an institutional constraint which structures behaviour and alters preferences. It might therefore constitute an incentive to establish 'safety belts' in the sense of stronger parliamentary involvement within the ESM. In line with this reasoning, it would be rational to establish stronger parliamentary involvement if there is potentially more to lose (economically), or, put differently: economic prosperity might allow for the 'luxury' of enhanced democratic control. Economically weak countries, on the other side, are assumed to have an incentive in establishing fast decision-making procedures that are not slowed down by extensive parliamentary deliberations. Similar arguments can be found in power-based approaches of international relations in which the economic situation of a country serves as an explanatory variable (see among others Grieco 1995; Mearsheimer 1995). Second, the presence of Eurosceptical sentiments (see B.2.2) might impact on parliamentary involvement. Eurosceptical parties are hypothesized to have a political interest in holding governments publicly accountable for the management of the crisis in order to strengthen their own profiles. The presence of strong Eurosceptical sentiments would consequently make stronger parliamentary involvement in the crisis management more likely. Third, following the logic of path dependency (Pierson 1996), it is assumed that parliaments which already possessed strong scrutiny powers in the handling of EU affairs (at the domestic level) are able to transfer these powers to the intergovernmental ESM (see B.2.3). These parliaments have fought for a stronger say in EU affairs in a long and arduous process. They are following a path of established practices when maintaining this stronger influence in the European Stability

Mechanism. On the other side, it is rather unlikely that parliaments with weak formal participation rights in EU affairs acquire a strong say in the intergovernmental setting of the ESM (since intergovernmental settings are traditionally a domain of the executive). Lastly, the number and the role of political actors required to ratify the ESM treaty is assumed to influence parliamentary participation (see B.2.4). If special majorities were required in parliament to ratify the treaty – partly even in both chambers – opposition parties could more easily influence the government’s policy by negotiating side payments. One of these side payments are stronger parliamentary participation rights in ESM affairs in order to secure influence in the event of a change in government. These four guiding assumptions structure the process of the data collection for the independent variables (see B.4).

The theoretical logic of each of the four assumptions will be spelt out in more detail in the following sub-chapters. As outlined above, this thesis does not assume that any one of these four guiding assumptions can – on its own – explain parliamentary involvement sufficiently across all cases. It is rather a combination of guiding assumptions that unfold the strongest explanatory power. I will elaborate upon these combinations in chapter B.2.5.

B.2.1 Macro-Economic Situation

In this sub-section I argue that the macro-economic situation of a country influences the parliament’s position within the management of the crisis. The costs and benefits of EU integration are often assessed from an economic perspective. They serve as utilitarian explanations for EU support. If a country is economically better off, support for a political system is likely to be higher.

There is an intensive discussion within the literature whether specific types of capitalist systems are systematically advantaged or disadvantaged within the process of European integration (see especially Höpner, Schäfer 2010 and Scharpf 1999). These contributions do not primarily deal with the role of parliaments within a political system. However, they demonstrate that different economic set-ups have consequences for democratically elected decision-makers to defend a specific type of capitalist system. The distinction between liberal (such as the United Kingdom or Ireland) and co-ordinated market economies (such as Austria or Germany) (for a good overview see Albert 1992; but also Hall, Soskice 2001) is most prominent among these concepts. Crum (2013) lists more fine-grained distinctions that also identify the ‘Scandinavian model’ (as developed by Esping-Andersen 1990), the ‘Latin capitalism’ model for the countries in the Mediterranean (Rhodes, Van Apeldoorn 1997) and the ‘dependent market economies’ in East central Europe (Nölke, Vliegenthart 2009) (for an overview see Crum 2013). These different economic set-ups can be found in the current European Union, indicating the immense heterogeneity of capitalist systems. Assuming a

‘neo-liberal’ or ‘market-facilitating’ approach of supranational institutions as a starting point (for instance by the European Commission, the Court of Justice of the European Union or the ECB), this literature demonstrates how different ‘varieties of capitalism’ came under pressure during the intensification of economic integration. This development enlarged, as the argument goes, democratic deficiencies in the current institutional set-up of the European Union (see for instance Scharpf 1999).

Succinctly, approaches explaining policy outcomes with macro-economic variables have a long and well-established tradition in political science and are, at least indirectly, linked to the question of democratic governance and European integration. The institutional set-up of market economies, however, is less decisive than the macro-economic *performance* of Eurozone Member States to account for differences in parliamentary involvement in ESM affairs. Scharpf, in a quite pessimistic outlook, elaborates how democratically elected institutions have been side-lined by the executive-dominated management of the crisis as well as the worsened financial situation of most Member States. He observes a loss of parliamentary autonomy which gave summit resolutions or ECOFIN agreements a take-it-or-leave-it character “that no member-state parliament[...] [could] afford to reject” (Scharpf 2012: 25). Although Scharpf argues that all national parliaments are affected by this development, he nonetheless emphasises that especially debtor countries were exposed to pressure from non-national actors (Scharpf 2012: 27, but also Scharpf 2014). The dividing line is therefore not a specific ‘variant of a capitalist system’, but the economic strength of a country and the question whether these countries provide or receive financial assistance.

Maatsch (2013) tries to explain the policy positioning of political parties towards the crisis management by differentiating between debtor and donor countries. She finds that political parties in debtor countries are more likely to advocate for Keynesian anti-crisis measures – independent of their ideological party positioning. Parties in donor countries, on the other side, are more likely to advocate neo-liberal anti-crisis measures (Maatsch 2013). This leads to the question of whether Member States’ parliaments are differently affected by the crisis, depending on their macro-economic situation. Benz also observes an asymmetry of parliamentary influence during the crisis. He sees the dividing line between parliaments from economically strong and economically weak Member States (see Benz 2013), most notably between debtor and donor countries. However, Benz also admitted that this distinction might be too simplistic. Parliaments in France or Italy – both officially belonging to the group of donor countries – are not strengthened by the crisis to the same extent (if at all) as, for instance, the German Bundestag. These countries are effectively in the firm grip of austerity programmes mandated by European institutions, although they did not request financial assistance (for the Italian case see Hopkin 2012). In 2011, a total of 24 out of 27 countries had been under the Excessive Deficit Procedure (EDP) monitored by the European Commission.

Therefore, it seems necessary to have a more fine-grained distinction between economically strong and economically weak countries that goes beyond the rather simplistic distinction of debtor and donor countries.

The starting point for such a distinction is the macro-economic situation of Eurozone Member States. When the ESM treaty was ratified in the first half of 2012, macro-economic parameters differed significantly within the Eurozone (see among other Buti, Carnot 2012; De Grauwe, Ji 2012). The economies of Germany, Luxembourg or Estonia had relatively soon recovered from the collapse of Lehman Brothers in 2008. Greece, Ireland or Portugal had to request financial assistance from the EFSF in 2010-2012 (see for instance Gorjao 2012) with Spain (late 2012) and Cyprus following in early 2013 (these loans were granted under the ESM in liaison with the IMF). The spreads on government bonds for Eurozone countries had widened significantly: Austria, Germany or the Netherlands could easily refinance their government expenditures at record low prices while countries such as Slovenia or Italy had to pay significantly higher interest rates on their government bonds (see for instance Drudi et al. 2012: 888). As of 2014, eleven countries were still under the excessive deficit procedure since their annual budget deficits exceeded the 3% GDP limit (European Commission 2014a) – most of them coming from Southern and Eastern European countries. This reflects the heterogeneity of the macro-economic situation in the Eurozone. Many observers therefore diagnosed an increasing North-South divide that was beginning to pose a serious obstacle for the further economic integration of the Eurozone (for a slightly different argument on the preferences over international redistribution see Bechtel et al. 2014). This gap was largely unobserved and neglected in the first decade of the monetary union: “There is now a widespread consensus that financial markets in the Eurozone were systematically wrong when during 2001–08 they were charging the same risk premium on Greek and German government bonds despite huge differences in debt-to-GDP ratios of these countries” (De Grauwe, Ji 2012: 878). However, these economic differences influenced the discussion on the concrete arrangements of national accompanying provisions to the ESM treaty significantly. While Northern countries demanded strict conditionality in exchange for financial assistance (see for instance Katsikas 2012: 53), government leaders of Southern European countries advocated fast and efficient decision-making procedures to overcome the crisis. This debate was surrounded by discussions of a ‘stability’ or ‘transfer union’.

Why was the granting of financial guarantees accompanied with great scepticism in (especially) ‘Northern’ European countries? First, because it became increasingly difficult to predict whether programme countries would be able to repay the credits they had received. And second, because politicians were increasingly concerned to give away decision-making powers that concerned their own public revenues and expenditures (on the German Bundestag’s reticence to approve bailout packages see among others Powell, Steinberg 2012:

59). The assessment whether programme countries would be able to repay their credits or not became as controversial as the question of who should take the respective decisions and be accountable for them. As Hopkin puts it: “countries such as Germany, [the] Netherlands and Finland fear[ed] that a bailout would create a lasting relationship of dependency of the debtor nations on their more creditworthy neighbours” (Hopkin 2012: 36). Parliamentarians in all countries were faced with a situation of incomplete information as well as decision-making under high uncertainty. Finland, for instance, demanded exceptional guarantees in exchange for the agreement to a Greek bailout package (FAZ Online 2015). In Germany, numerous law suits were filed against the ESM, arguing that the German Bundestag lacked sufficient means to control the issuing of financial guarantees. In Austria, the opposition Green Party demanded stronger parliamentary participation in the ESM in exchange for support of the modification of article 136 TFEU (see case study on Austria in C.2.2).

Southern European countries, on the other side, did not necessarily share the concern of insufficient parliamentary involvement. Italy’s former Prime Minister, Mario Monti, declared in an interview in 2012: “If governments allow themselves to be entirely bound to the decisions of their parliament, without protecting their own freedom to act, a break-up of Europe would be a more probable outcome than deeper integration” (Spiegel Online 2012). Although Monti’s comment enraged numerous German politicians, the statement passed almost unnoticed in Italy. Monti – somehow ‘unbound’ to the parliament as a precondition for accepting to govern – feared that parliamentary involvement would hamper efficient decision-making. For the German Constitutional Court, on the other side, strong parliamentary involvement not only serves to defend economic interests, but also to safeguard national sovereignty and accountability. These different approaches of Northern and Southern countries towards the role of national parliaments might also reflect different political cultures and traditions of parliamentary involvement. Nonetheless, there is reason to assume that the macro-economic situation of a country influenced the decision whether strong parliamentary involvement was incorporated or not. Therefore, I formulate the first guiding assumption:

Guiding Assumption 1: Countries in a favourable economic situation adopt stronger parliamentary participation rights within the ESM than economically weaker countries.

Succinctly, countries in an economically favourable condition regard stronger parliamentary involvement as an appropriate tool to safeguard economic and political interests. Countries in economically weaker conditions have either already requested financial assistance from the ESM, or had to anticipate such a step in the foreseeable future. They thus had an interest in decision-making procedures that are not slowed down by extensive parliamentary involvement. It is therefore rational to opt for stronger respectively weaker parliamentary involvement depending on the macro-economic situation. In this sense, the macro-conditions

constitute institutional constraints that alter the preferences of utility-maximizing political actors.

B.2.2 Political Contestation

Evidence from the literature also suggests that the degree of contestation over the European Integration process impacts on formal parliamentary involvement (Abbarno, Zapryanova 2013). Raunio has shown that the actual involvement of parliaments in EU affairs depends on the formal prerogatives of NPs, but also on the presence of Eurosceptical parties in parliament (Raunio 2005). Gattermann and Heffler equally tested whether political contestation increases the odds to issue reasoned opinions under the so-called Early Warning System (EWS) and find a positive correlation (Gattermann, Heffler 2015). This empirical evidence suggests that the degree of contestation impacts on both, formal parliamentary participation rights as well as on actual parliamentary activities. Since the ratification of the ESM treaty is about redistributive policies, it can be assumed that the topic is even more controversial than classical EU affairs (on a similar argument see Moravcsik 2006).

Euroscepticism as such is still a relatively new concept. For a long time, it appeared as a distinct English phenomenon; only the 1990s saw it emerging as a new line of conflict in continental Europe. Euroscepticism is not adequately reflected in the classical left-right positioning of political parties (see among others Hooghe, Marks 2008). Opposition to the integration process can be found on both sides of the party spectrum. Currently, Eurosceptical parties are often framed as being part of the so-called ‘new politics’ (Hooghe et al. 2002), or they are simply a sub-category of so-called ‘populist parties’. This development was preceded by changes in political preferences in Western Europe. David Easton (1979) defined the responsiveness of political systems as

[...]first, that the authorities are willing to take information into account and give it consideration in their outputs and second, that they do so positively in the sense that they seek to use it to help avert discontent or to satisfy grievances over initial outputs or some unfulfilled demands. Responsiveness of authorities will vary from extreme sensitivity to stony impermeability to the wants and demands of the politically relevant members of the system (Easton 1979: 434).

Eurosceptical sentiments have without doubt affected political actors in all EU Member States since the 1990s (McLaren 2006) and especially since the decisive no-votes on the Constitutional Treaty in the Netherlands and France. Also the outbreak of the Eurozone crisis has triggered a rise of Eurosceptical sentiments, at times particularly directed to the common currency (see among others Hobolt, Wratil 2015 and Kuhn, Stoeckel 2014). With the latest election to the European Parliament in 2014, nearly one third of the seats are now occupied by more or less Eurosceptical parties. They partly oppose further integration or want to withdraw

from the European Union entirely (Höing, Müller Gómez 2014). The rise of these parties has numerous causes: the elite-driven approach of EU integration (Chandler 2010: 154) provoked increased demands for a democratization of decision-making procedures at the EU level; demands to regain sovereignty, fear of uncontrolled immigration or excessive bureaucratization of, especially, the European Commission became influential factors explaining the rise of Eurosceptical sentiments since the 1990s (for an overview on the different strands of Euroscepticism see Sørensen 2007). Also the Eurozone crisis itself triggered Eurosceptical sentiments and arguably made parties at the extremist fringes of party spectrums more socially acceptable. A case in point is Greece, where the traditional party system collapsed after two early elections in 2012 (Katsikas 2012: 51) and was transformed to an even greater extent after the ballots in January and September 2015. It is less obvious in Spain or Portugal where the fury and annoyance with European rescue packages provoked the establishment of new political movements opposing austerity policies, but not necessarily EU integration as such. Nonetheless, Eurosceptical demands played an important role domestically in nearly all EU Member States and forced political parties to react. Crucially, growing public dissatisfaction with European integration and the management of the Euro crisis provide electoral incentives.

From a rational choice perspective, electoral incentives are a crucial driving force to explain (parliamentary) behaviour. Political parties are expected to react to growing Eurosceptical sentiments (Abbarno, Zapryanova 2013: 594) either by adapting Eurosceptical strategies or by avoiding to publicly discuss EU issues (Auel elaborates on why the classical opposition-government dualism does not work with EU affairs, see Auel 2007). Additionally, the ratification of the ESM treaty was accompanied by huge media attention in most Member States. Eurosceptical parliamentarians had the opportunity to present themselves as defenders of national sovereignty, and the national budget in particular (see case study on Austria, C.2.2). The ratification of the ESM was preceded by a longer period of public deliberations (while the ratification of the EFSF and its accompanying laws was carried out under immense time pressure in May 2010, see again A.4.2). Eurosceptical parties had therefore chances to pick up the issue and to publicly hold the government accountable. Some MPs and political parties have even taken legal actions against the ESM before their constitutional courts (also on the grounds that democratic principles were violated by the new mechanism, see case studies on Germany and Ireland, C.2.1 and C.2.3).

Since the ESM is designed as a permanent rescue mechanism, provisions regulating parliamentary involvement are unlikely to be changed in the near future. The ratification of the ESM treaty was therefore accompanied by two culminating trends that make an impact of Eurosceptical sentiments on parliamentary prerogatives more likely: First, financial guarantees cover a sensitive part of parliamentary sovereignty. And second, although the rise

of Eurosceptical parties is a rather long-term trend, the high media attention during the ratification process offered an ideal window of opportunity for Eurosceptical parties to publicly criticise the government. I therefore formulate the second guiding assumption as follows:

Guiding Assumption 2: The stronger Eurosceptical sentiments are – in public opinion polls or through the presence of Eurosceptical parties in parliament – the stronger parliamentary participation rights within the ESM.

This guiding assumption does not assume that more Europhile parliaments automatically renounce stronger parliamentary prerogatives. However, public Eurosceptical sentiments offer electoral incentives to publicly demand stronger parliamentary participation in the ESM. The guiding assumption is thus directed to political systems in which Eurosceptical sentiments are strong without making predictions on political settings in which they are absent.

B.2.3 Institutional Capacities

In order to fully understand ESM parliamentary involvement, it is necessary to recall that the European Stability Mechanism is intergovernmental in nature. Any parliamentary involvement in intergovernmental settings is rather the exception than the norm since intergovernmental domains are conventionally dominated by executive actors. In the literature, strong or weak parliamentary involvement in EU affairs always focusses on the scrutiny abilities of parliaments in *supranational* EU settings (see for instance Bergman 1997; Karlas 2012; Maurer, Wessels 2001)⁴⁷, i.e. in how far are NPs informed about legislative proposals by the European Commission, in how far can they influence the government representative in the Council of Ministers or what kind of administrative resources do they possess to scrutinise EU politics? Parliaments differ significantly in these regards (see for instance Goetz, Meyer-Sahling 2008; Holzacker 2007). Differences between NPs become even more striking when involvement in supranational and intergovernmental settings is distinguished. The challenge of the European Stability Mechanism is that NPs must transfer the competences they acquired in supranational policy-making to the intergovernmental level.⁴⁸

Starting from a historical institutionalist perspective, the central question is “how institutions emerge from and are embedded in concrete temporal processes” (Thelen 1999: 371). I assume

⁴⁷ Supranational settings cover those areas where national parliaments legally conferred decision-making competences to the European level. The Member States’ governments still exercise influence in the Council, and political party groups can try to influence their counterparts in the European Parliament.

⁴⁸ The question whether the management of the crisis should be treated as EU affairs – in the sense of the German Basic law (art. 23 GG) – or as a kind of foreign policy has dominated the debate on the parliamentary involvement of the German Bundestag throughout the crisis management (see Höing 2013).

that strong parliamentary prerogatives in (supranational) EU affairs make the transfer of these competences to the ESM more likely.⁴⁹ Stronger parliamentary involvement can be interpreted as a legacy of former historical processes, namely the parliamentary participation rights in EU affairs. In the words of Cathleen Thelen:

Crucial founding moments of institutional formation [...] send countries along broadly different developmental paths; [...] institutions continue to evolve in response to changing environmental conditions and ongoing political manoeuvring but in ways that are constrained by past trajectories (Thelen 1999: 387).

The established institutional formation of strong participation rights in EU affairs is thus expected to affect parliamentary behaviour when provisions on the ESM accompanying provisions were drafted. The extent of parliamentary involvement is expected to be constrained by past trajectories. Parliamentarians had long fought for a stronger say in EU affairs. They were not willing to relinquish this say with the establishment of the European Stability Mechanism. In order to understand the process of gradually emerging scrutiny powers, their evolutionary development must briefly be recalled: European affairs were long treated as foreign policy with a dominant position of the executive. Only during the 1980s, parliaments started to establish procedures to better control and scrutinise EU affairs. This gradual process is still on-going. Notably, nearly all NPs established European Affairs Committees during the 1980s to acquire expertise, enabling them to better control government action at the EU level. Especially the Danish European Affairs Committee (in line with its Scandinavian counterparts) was often regarded as one of the strongest parliamentary bodies in EU affairs – although this assessment has recently been called into question (see for instance Sousa 2008). The scrutiny of European Affairs remained under-developed in other political settings, especially where the executive still holds a dominant position. As a result, we find a wide range of parliamentary (formal) powers in handling EU affairs at the domestic level. Most scholars caution that the formal prerogatives of parliaments do not necessarily equate parliamentary activity (see for instance Auel 2007; Pollak, Slominski 2003) nor can they consistently predict parliament's actual influence. However, recent studies have shown that formal participation rights positively correlate with actual activities in EU affairs (see for instance Auel, Höing 2015; Auel et al. 2015). They can often be interpreted as a precondition for parliamentary involvement.

Essentially, the prerogatives to influence EU affairs at the domestic level cover policy areas that have been transferred to the European level. Due to the increased application of qualified majority voting, it became gradually more difficult to effectively control government action in

⁴⁹ Zysman differentiates between rational choice and historical institutionalism by accentuating that the former starts with individuals and asks where institutions came from, while the latter starts with institutions and asks how they affect individual behaviours (Zysman 1994, quoted in Thelen 1999).

the Council: a minister can in principle be outvoted. This makes it a risky strategy to restrict the political room for manoeuvre of ministers too much by legally binding mandates. The ESM, on the other side, is an intergovernmental organisation in which the participating members have, by definition, a stronger say. Majority requirements and the political sensitivity of the issues are high. This makes majoritarian voting unlikely. Legally binding mandates within the ESM are therefore a more effective tool to control policy-making at the European level. For parliaments with strong parliamentary prerogatives in EU affairs, the non-transfer of these strong powers to the ESM setting constitutes a deviation from previously established practices. For parliaments with weak prerogatives in EU affairs, on the other side, the non-transfer constitutes a continuation. Strong parliamentary involvement in EU affairs can therefore be conceptualised as “sets of regularized practices with rule-like quality in the sense that the actors expect the practices to be observed” (Hall, Thelen 2009: 9). A path-dependent logic consequently explains why strong prerogatives in EU affairs are more likely to be transferred to the ESM – even under new circumstances. I therefore formulate the third guiding assumption as follows:

Guiding assumption 3: The stronger the formal powers a parliament possesses in handling EU affairs, the stronger the parliamentary participation rights within the ESM.

Parliamentary involvement in EU affairs constitutes a trajectory that parliamentarians are unlikely to deviate from: Parliamentarians have an interest in keeping those formal prerogatives they have already acquired in supranational settings. Formally weak parliaments do not deviate from previous trajectories if they implement weak parliamentary participation rights in ESM affairs.

B.2.4 Political and Constitutional Requirements

Parliamentary involvement within the ESM is also likely to depend on the political and constitutional requirements to ratify the ESM treaty, i.e. the number of policy-makers and veto-players involved in decision-making procedures.

Lijphart (1999) distinguishes two ideal types of democracy. The majoritarian model of democracy assumes a “government by the majority of the people” (Lijphart 1999: 31). It largely excludes the opposition from decision-making but is based on the assumption that majorities and minorities alternate in government. It is often characterised by a strong executive and by relatively few veto players that influence government policy. In contrast, the consensus model of democracy tries “to share, disperse, and restrain power in a variety of ways” (Lijphart 1999: 34). Coalition governments are the norm, and most of these political systems are based on federal principles. Although the empirical evidence for Lijphart’s model

might need to be updated, his typology contains an important element: political systems differ in the degree to which the executive must consider majorities in parliament or the influence of other political or constitutional (potential) veto players. The more a system leans to the ideal of a consensus democracy, the more players are involved in the decision-making process. This has implications for negotiations at the EU level. Putnam (1988) describes that all Heads of State or Government operate in a double hatted world: “they govern domestically as heads of their cabinets, and usually their political parties, and collectively as members of the European Council.” They consequently have two principals: the national citizenry and the European collective (Laffan 2014: 275–6). Government leaders can make strategic use of this two level game. They can demand concessions in package deals if they convincingly argue that they are constrained by domestic actors (such as majorities in parliaments or decisions by powerful constitutional courts). This does not facilitate compromise at the European level. As Putnam notes himself: “the political complexities for the players in this two-level game are staggering” (Putnam 1988: 434).

If the number of veto players exceeds a certain threshold, compromises at the lowest common denominator (or no compromise at all) become the norm. One crucial question is whether these domestic constraints are used strategically and whether a potential ‘no’ poses a credible threat for the other European players. The total absence of any domestic constraint does not necessarily pay out in strategic negotiations at the EU level, as Rozenberg notes. He exemplifies the paradox that a huge political leeway in EU negotiations can have negative consequences for defending national interests by using the example of the French President:

In comparison with the British Prime Minister, who needs to secure a majority in the Commons, or to the German Chancellor, who needs the support both from within her coalition and from the Länder, the French President is often free from domestic veto players. Paradoxically, such strength may occasionally weaken France’s negotiation position [...]. [I]n the current period, the European policy does not seem to be such a useful mechanism for the President to solve domestic issues. As a result, French Presidents are more inclined to compromise in Brussels and more concerned with short-term success in the French press. The domestic strength of the President makes him weak in Brussels” (Rozenberg 2013: 71).

This example illustrates that domestic constraints can strengthen the negotiation position of the executive at the EU level. Although the absence of domestic red lines can facilitate compromises, this must not necessarily be in the national interest of a Member State. With regard to the ESM treaty, domestic veto players are understood as enlarged majority requirements in parliamentary chambers to ratify the treaty or the credible threat that agreements can be nullified by national constitutional courts. Crucially, the two-level game for government leaders opens a window of opportunity for opposition parties to negotiate side payments, especially since the ESM treaty concerns the budgetary competences of parliaments – commonly regarded as their “crown jewels”. Parliaments are especially

“anxious to keep control of decisions taken at the European level and have to be satisfied through side-payments or constitutional concessions strengthening their control function” (Puntscher-Riekmann, Wydra 2013: 565). Although a high consensus on European issues still characterizes most party systems in the EU, the sensitivity of the issue makes opposition to the ratification of the ESM treaty more likely. Puntscher-Riekmann and Wydra emphasize that “decisions during the crisis management are taken in the name of Europe, but require national sacrifices” (Puntscher-Riekmann, Wydra 2013: 566). These national sacrifices come at a price if opposition parties are able to occupy potential veto positions. I therefore develop the following guiding assumption:

Guiding assumption 4: The higher the constitutional and political obstacles to ratify the ESM treaty, the stronger the parliamentary participation rights within the ESM.

If the political system allows other domestic veto players to draw red lines, it is likely that they will make use of it and negotiate side-payments in the form of stronger parliamentary participation rights in the ESM. The absence of red lines makes it unlikely that demands for stronger parliamentary involvement are taken into consideration.

B.2.5 Summary Theoretical Considerations

These guiding assumptions predict varying degrees of parliamentary involvement within the ESM. Even if actors behave rationally, they are all exposed to (institutional) constraints which potentially alter their preferences, or the circumstances under which they take decisions.

None of the guiding assumptions presented above is assumed to explain the full range of parliamentary ESM involvement. By contrast, the supposition is that specific combinations of these guiding assumptions carry greater explanatory power than others. The strongest parliamentary participation rights can be expected if all four guiding assumptions are fulfilled simultaneously: a favourable macro-economic situation, strong Eurosceptical sentiments, strong formal prerogatives in EU affairs and the dependence on opposition support for the ratification of the ESM treaty. Firm parliamentary participation rights in the ESM are likely to occur in such a setting. By contrast, if all of these conditions are absent, strong parliamentary involvement is hardly plausible.

But not only the simultaneous presence or absence of all four conditions unfolds explanatory power: I also hypothesize that certain conditions gain further explanatory power when they are combined with others. Eurosceptical sentiments, for instance, are more likely to have explanatory power when they are present in countries within a favourable macro-economic situation. Especially in richer EU Member States, these parties have gained electoral relevance by arguing that their country’s EU membership is too costly (see among others

Sørensen 2007, but also Hobolt, Wratil 2015: 240ff). This line of argumentation can regularly be observed by parties of net-contributors states to the EU annual budgets (such as UKIP, the FPÖ or the Front National). Financial assistance to financially troubled Member States is highly unpopular among the electorate of these parties. Eurosceptical parties can therefore more easily hold the national government accountable on question of financial guarantees. Policy-makers in these countries are expected to react to these public demands. Strengthening the parliamentary involvement in ESM affairs is therefore one plausible way to demonstrate that a country remains formally in control of decisions taken within the European Stability Mechanism. On the other side, Eurosceptical parties are rather unlikely to demand stronger parliamentary participation rights when they belong to a country which has already requested financial assistance, or must anticipate doing so. These parties might oppose the memorandum of understanding. They might also complain about insufficient involvement in the negotiations leading to the memorandum of understanding, or criticize the economic and financial measures proposed by European actors. However, they will probably not demand stronger parliamentary prerogatives to issue financial assistance since this topic is not relevant enough in debtor states.

A similar logic is expected concerning strong formal prerogatives in EU affairs. These powers are probably only transferred to the domain of the (intergovernmental) ESM if the country is in a favourable macro-economic situation. The reasoning behind this argument is that the macro-economic situation of a country decisively influences the political priorities at the time of the ESM ratification. Parliamentary powers in EU affairs, on the other side, shed light on a parliaments' institutional capacity to transfer these powers to the ESM. Strong parliamentary prerogatives in ESM affairs might be regarded as a luxury problem which is irrelevant when policy-makers must deal with an economic downturn or financial predicament. If the macro-economic situation is troubled, stronger parliamentary involvement in ESM affairs might primarily appear to hamper efficient decision-making – with potentially negative consequences should this country ever request financial assistance. Conversely, a favourable macro-economic situation on its own might not be sufficient to account for stronger ESM involvement. If parliaments are traditionally weak in EU affairs vis-à-vis their governments, they might simply lack the institutional capacities to incorporate a stronger say in the intergovernmental ESM – even if these Member States are in a propitious macro-economic situation.

In order to test this configurational logic, this doctoral thesis pursues a qualitative comparative analysis (QCA). The analysis tests all of the four conditions on its own as well as their combined effects. QCA will be applied to explain strong and weak ESM parliamentary involvement separately (see C.1). Its methodology will be explained in the next chapter (see B.3).

B.3 Mixed-Method Design

This research project pursues a mixed-method design by combining set-theoretic methods with in-depth qualitative case studies. The units of analysis in the first major part (C.1) are the 18 parliaments of the Eurozone; this analysis will be conducted with fuzzy set QCA (fsQCA; see B.3.1.1). In the second major part (see C.2), four case studies will be conducted in a qualitative research frame. This allows meeting the advantages of both case-oriented and variable-oriented research techniques.

The following sub-chapters introduce the applied methods. First, the main variants of QCA techniques are presented and the choice for fsQCA will be justified (B.3.1). Additionally, the critiques of QCA approaches are addressed (B.3.1.2) and the concrete application of fsQCA to the topic of this thesis will be elaborated upon (B.3.1.3). Next, the qualitative research techniques employed to conduct the four case studies are presented, focusing especially on expert interviews and a qualitative content analysis (B.3.2).

B.3.1 Set-theoretic Methods: Qualitative Comparative Analysis

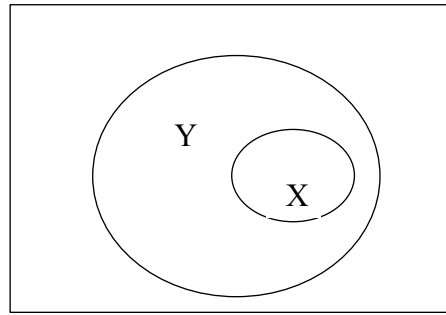
The term QCA is nowadays used to describe a number of different research techniques that operate with set-theoretic methods. Set-theoretic methods have different labels. Ragin and Rihoux in 2009 coined them “Configurational Comparative Methods” (CCM) (Rihoux and Ragin 2009) while Caramani called them “Boolean methods” (Caramani 2009). These approaches are very close to John Stuart Mill’s ‘logical methods’ (Mill 1843). QCA is the most often used research technique of these set-theoretic labels. At the core of these approaches lies the assumption that social science deals with arguments about set relations. Set relations are pervasive in social sciences, although this is not always made explicit (Schneider, Wagemann 2013: 1).⁵⁰

For Ragin, “set relations are the building blocks of verbal statements; they are [...] the building blocks of most social science theories” (Ragin 2006: 291). The analysis is nonetheless still in its infancy (Ragin 2006: 310). To give a hypothetical example: a statement such as ‘citizens of small, rural towns in the USA vote for the Republican party’ can be translated into set-theoretic language:⁵¹ There is a set of ‘small-town rural voters’ (X) which is a subset of all ‘Republican voters’ (Y). In this example, all cases that possess the characteristic X also possess the characteristic Y. Being an inhabitant of a small, rural town is a sufficient condition to explain voting for the Republican Party.

⁵⁰ Mahoney notes that especially many comparative case study analyses apply set-theoretic reasoning without making it explicit (Mahoney 2007: 135).

⁵¹ The example is taken from (Schneider, Wagemann 2013: 4).

Figure 3: Necessity and sufficiency: A hypothetical example



Source 5: Own presentation.

The notion of necessity and sufficiency in these subset relations triggers a number of analytical consequences (emphasis in bold letters by the author).

[...] saying that there is a sufficient (but not necessary) condition generally requires the existence of other sufficient conditions for the same outcome. This, in turn, means that by embracing a set-theoretic perspective on social science phenomena one unavoidably recognizes the existence of **equifinality**, i.e., a scenario in which alternative factors can produce the same outcome (Schneider, Wagemann 2013: 5).

The above mentioned example does not include information on voters who do not live in small rural towns in the United States. Therefore, the outcome ‘voting for the Republican party’ can also be present if other (combinations of) conditions are present. This is called equifinality (in contrast to unifinality). It gives set-theoretic methods a special characteristic: Set-theoretic methods do not assume that a *single* variable determines a specific outcome, but suppose that different (combinations of) conditions can lead to the same outcome. Furthermore, the presence of a certain condition does not necessarily lead to the outcome in all circumstances, but only if it is combined with other (configurations of) conditions. Logically, ‘being a small town rural voter’ only leads to the outcome ‘voting for the Republican party’ if the inhabitant is ‘living in the United States’. The set of ‘small town rural voters in the USA’ is therefore a subset of all ‘small town rural voters’. Only in the intersecting set of ‘small town rural voter’ and ‘citizen of the United States’ – if both conditions are present – the outcome ‘voting for the Republican party’ can be present. QCA techniques are increasingly used in social sciences and also applied to the study of parliamentary behaviour: Raunio, in 2005, applied a fsQCA to analyse the parliamentary control over governments. He identifies the combination of a more Eurosceptical public opinion and a powerful legislature to be sufficient in bringing about higher levels of control over the government – but not each condition on its own (Raunio 2005: 319). Maatsch analyses why political parties opted for Keynesian or neo-liberal anti-crisis measures during the Eurozone crisis with a csQCA. She concludes that parties from bailout countries opted for

Keynesian measures despite having a more right-wing economic orientation (Maatsch 2013: 112). Having a ‘right-wing economic orientation’ can thus explain the favouring of ‘neo-liberal anti-crisis measures’, but not in combination with the condition ‘being a bailout state’. In these cases, parties with ‘right-wing economic orientations’ have also opted for ‘Keynesian anti-crisis measures’. This fundamental logic is described by Schneider and Wagemann as follows:

Set-theoretic methods are approaches to analyse social reality in which (a) the data consists of set membership scores; (b) relations between social phenomena are modelled in terms of set relations; and (c) the results point to sufficient and necessary conditions and emphasize causal complexity [...] (Schneider, Wagemann 2013: 6)

For the purpose of this thesis, a set-theoretic reasoning is assumed to be helpful in explaining the varying patterns of parliamentary involvement within the European Stability Mechanism. For instance, the presence of Eurosceptical parties in parliament might not suffice to explain strong parliamentary participation rights; however, the ‘presence of Eurosceptical parties’ can have a stronger explanatory power in combination with the ‘being in a good macro-economic condition’ (see again B.2.5). The theoretical reasoning is that donor countries have arguably more to lose and must justify the release of financial guarantees vis-à-vis their national electorates. It is easier for Eurosceptical parties to create public attention in such an environment. Their presence might therefore have a stronger impact on parliamentary participation rights in donor than in debtor countries. Similarly, the traditional strength of parliaments vis-à-vis their governments might account for parliamentary participation rights in the ESM. However, this criterion might lose explanatory power if parliaments belong to the group of countries in a poor macro-economic situation. Here, the variable ‘traditionally strong participation rights in EU affairs’ is combined with ‘being in a poor macro-economic condition’. While the traditional strength of a parliament in EU affairs might theoretically account for strong ESM participation, the intersection with another condition might soften the explanatory power of this theoretical assumption.

B.3.1.1 Variants of Set-theoretic Methods

Not only different set-theoretic methods exist, but also a number of different variants of qualitative comparative analyses. The two main variants are crisp-set QCA (csQCA) and fuzzy-set QCA (fsQCA), whereas the development of fsQCA is often interpreted as a reaction to the critiques of csQCA (for a slightly different argument see Schneider, Wagemann 2013: 15). The former was introduced by Charles Ragin (Ragin 1987) who made this approach prominent in the social sciences; fuzzy set logics had already been prominent in mathematics, philosophy or computer sciences (see for instance Kosko 1993; Seising 2007; Zadeh 1965,

1968). Both variants operate with set membership scores, but differ in how the conditions are operationalized. A third variant is multi-value QCA (mvQCA) which was developed by Cronqvist and Berg-Schlusser (Cronqvist, Berg-Schlusser 2008). It allows for the use of multinominal data.⁵² This makes the approach less straightforward with regard to its set-theoretic groundings. As a consequence, it is not as often applied in practice as the other two approaches and will not be explained in more detail. The following two sub-sections present the main variants of csQCA and fsQCA, and justify the choice for fsQCA.

B.3.1.1.1 Crisp-set QCA

Each variant of QCA attempts to explain a certain outcome (Y) by the use of a number of pre-defined conditions (C). The outcome is similar to what is called the ‘dependent variable’ in conventional research designs; the conditions are close to the concept of ‘independent variables’. In crisp-set QCA, the conditions and the outcome are dichotomized, i.e. the researcher asks whether a condition or outcome is present or not. The presence of conditions is symbolized in capitals (C), its absence in small letters (c).

Rihoux and De Meure, for instance, analyse the survival of democracies (SURVIVAL) in the interwar period (Rihoux, De Meur 2009) based on Lipset’s theory ‘Political Man’ (Lipset 1960). What explains the survival (SURVIVAL) or the breakdown (survival) of European democracies between 1918 and 1939? Explanatory factors in Lipset’s theory are economic prosperity (GNPCAP), the degree of urbanization (URBANIZATION), the degree of literacy (LITERACY) and the strength of the industrial labour force (LABOUR). One challenge for csQCA is the dichotomization of these conditions that must be derived from empirical evidence and be based on substantive theoretical grounds.⁵³ A csQCA with, for instance, five pre-defined conditions explaining a certain outcome has $2^5=32$ logical combinations of conditions. There is often only limited empirical evidence for each of the (theoretical) possible combinations. In the example by Rihoux and De Meure, they operate with empirical evidence for nine out of 32 (theoretical) cases. With Boolean algebra, the QCA researcher

⁵² MvQCA is an advancement of csQCA which allows the use of multi-nominal data, e.g. the processing of multi-value conditions (in contrast to binary coding). It therefore shows some similarities with fsQCA, except for the fact that the number of values in mvQCA is often reduced to a maximum of three or four different values that can be assigned (Cronqvist, Berg-Schlusser 2008: 84). Apart from that, mvQCA contains the basic characteristics of csQCA. Cronqvist and Berg-Schlusser equally conduct a mvQCA based on the data of Lipset’s theory. Due to a more precise calibration of the GNP per person, the sufficient conditions for the survival and breakdown of democracies slightly differ from the results in a csQCA.

⁵³ Often, this approach is criticized for being arbitrary with regard to the settings of thresholds. Schneider and Wagemann, however, argue that claims about the manipulability of set-theoretic results are often largely exaggerated. Most of the time there is only a small range where a threshold can plausibly be put; furthermore, no huge differences in the results occur due to minor adjustments of these threshold (Schneider, Wagemann 2013: 26). Nonetheless, it often depends on the data at hand whether the application of a crisp-set QCA is appropriate, or whether the researcher gains more insights by applying a more fine-grained fuzzy-set analysis (see below). The presence or absence of bicameral systems can be more easily translated into a crisp-set reasoning than the question whether Eurosceptical parties are in parliament or not (since this is often a question of degree).

tries to arrive at a parsimonious explanation for a given outcome. The major aim of a qualitative comparative analysis is thus to reduce the empirical complexity for a given outcome. If there is empirical evidence for the survival of a democracy (SURVIVAL) resulting from the combination of the presence of a high GDP per capita (GNPCAP), a high degree of literacy (LITERACY) and a high degree of urbanization (URBANIZATION)

$GNPCAP * LITERACY * URBANIZATION \rightarrow SURVIVAL,$

but also by the presence of a high GDP per capita (GNPCAP), a high degree of literacy (LITERACY) and the absence of a high degree of urbanization (urbanization)

$GNPCAP * LITERACY * \text{urbanization} \rightarrow SURVIVAL,$

then a QCA researcher draws the conclusion that the degree of urbanization has no impact on the outcome (Y). The condition is interpreted as redundant. Whether a high degree of urbanization is present or absent does not affect the survival of the democracy with the data at hand. In this hypothetical example, a csQCA would reveal that it is sufficient for the survival of a democracy in the interwar period if a high degree of GDP per capita is present in combination with a high degree of literacy. This key procedure of csQCA to reduce complexity is called ‘Boolean minimization’. It allows minimizing the number of possible combinations of conditions leading to a certain outcome. The so-called Quine-McCluskey algorithm is used for this logically minimization process (the analysis is only used for the analysis of sufficiency, but not for necessity, see especially Schneider, Wagemann 2013: 104).⁵⁴ Lipset’s theory can therefore be broken down to a number of key conditions determining the survival of democracies. The previous term would be simplified in

$GNPCAP * LITERACY \rightarrow SURVIVAL.$

As with all QCA techniques, the choice of the conditions is of central importance. It would thus be inadequate to describe QCA as a simple social science method or technique. By choosing the conditions, the researcher is already making theoretical arguments (see B.3.1.2). This can be problematic since it makes the approach largely deterministic and becomes obvious when the same combination(s) of conditions lead to different empirical outcomes. These so-called ‘contradictory cases’ must be treated carefully since they can indicate that relevant (theoretical) conditions have been omitted (more on that see Rihoux and Ragin 2009). One way to address these problems is to add new conditions to the research design in order to allow for further distinctions, or to re-specify the measurement of conditions and the outcome (for the handling of contradictory truth table rows see especially Schneider, Wagemann 2013: 120ff). These re-formulations and re-specifications belong to the standards

⁵⁴ Further minimization can be achieved by identifying so-called prime implicants (see for instance Schneider, Wagemann 2013: 108ff).

of good QCA research techniques and describe what Ragin called “going back and forth between ideas and evidence” (Ragin 2000)⁵⁵.

B.3.1.1.2 Fuzzy-set Analysis

Another limitation of csQCA is the fact that conditions and the outcome can only be present or absent (Ragin 2009: 87). As elaborated above, it depends on the data at hand whether a dichotomization of the conditions and the outcome is appropriate. As a reaction to these limitations, QCA researchers have tried to develop tools that allow for partial membership “without abandoning core set theoretic principles” (Ragin 2009: 90). In fsQCA, different threshold can be set, for instance four-value, six-value or even continuous fuzzy set scales. To give an example: India might be considered a democratic country, but would be less qualified as a democracy than, for instance, Norway. Both are in the set of democratic countries; with csQCA, no further distinction would be possible. FsQCA allows for a more fine grained tuning, attributing Norway, for instance, the score 1 (full membership) and India the score 0.7 (still more in than out of the set of democratic countries).⁵⁶ CsQCA and fsQCA have in common that they define scores for full membership [1], non-membership [0] and a cross-over point [0.5] to decide whether a country is more in or out of a given set. They differ in the degree to which a country can be a member of a given set. In contrast to ordinal scaling, it is not necessary that the intervals in a fsQCA are equal. They must be based on substantive theoretical knowledge (Ragin 2009: 91). If the researcher is interested in unambiguously rich countries, it is irrelevant that Norway and Sweden have a slightly different GDP per capita; they can be attributed the same fsQCA-value *if* this can be justified on substantive grounds. In a way, this logic is closer to the day-to-day use of these terms. Often, we are interested in the effects of ‘high’, ‘medium’ or ‘low’ income, and not in detailed differences within these groups. Applied to this thesis, partial membership in sets can be used to assess ‘Euroscptical parties’ or a ‘Euroscptical public’ (B.2.2), but also for parliamentary strength in EU affairs (B.2.3). A csQCA would risk being imprecise and omitting important differences between the cases.

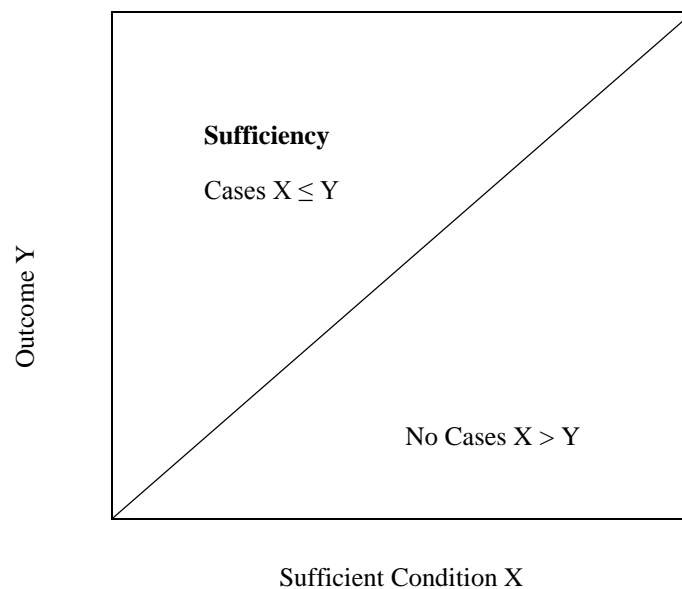
However, the partial membership in sets has consequences for the further proceeding of the analysis. The results are “more empirically circumscribed than the results of a crisp-set or a multi-value analysis”, as Ragin notes (Ragin 2009: 119). Nonetheless, there are hardly any combinations of conditions that are unambiguously in or out a specific set [1 or 0]. This makes them less well suited for a conventional truth table analysis (as carried out in csQCA). Theoretically, fuzzy sets can have spatial membership in all logically possible combinations

⁵⁵ Quoted in (Schneider, Wagemann 2013: 121).

⁵⁶ This is a hypothetical example.

of causal conditions. Therefore, sufficiency and necessity in fsQCA must be calculated differently. In a basic crisp-set logic, a condition is considered sufficient if the outcome is always present whenever the condition is present across the cases.⁵⁷ Such a test can be conducted with a simple two-by-two table. Due to partial membership in cases, a fuzzy set sufficiency test can be visualized in so-called XY plots. A subset relation is indicated when membership scores in one set (i.e. a condition or combination of conditions) are consistently less than or equal to membership scores in another set (i.e. the outcome). The XY plot visualizes these patterns by a diagonal axis which divides the area into two regions (see Figure 4). X is smaller than Y in all cases above the main diagonal. It follows that X is a subset of Y and can be interpreted as a sufficient condition (for necessity tests see Wagemann, Schneider 2012: 67-76). This logic does not only apply to single conditions, but X can of course also display a combination of conditions.

Figure 4: XY plot – distribution of cases for sufficient condition X



Source 6: Wagemann, Schneider 2012: 67.

Combinations of conditions are slightly differently calculated in fsQCA than in csQCA. An example from Ragin illustrates this point:⁵⁸ countries were attributed partial membership regarding the conditions ‘developed’, ‘urban’ and ‘literate’ (this example refers again to Lipset’s theory). Contrary to csQCA, fsQCA operates with ‘fuzzy algebra’ (and equally with the logical AND and OR). In the intersection of the above mentioned conditions – if we are interested countries that are developed, urbanized and literate (see Table 3) – a fsQCA only looks at the weakest link between these conditions. Estonia, for instance, has a high degree of

⁵⁷ Empirical evidence alone is of course not enough to make a statement about sufficiency. Such a statement must always be substantiated by convincing theoretical arguments.

⁵⁸ I will present only four countries from Ragin’s example to illustrate the major reasoning behind this operation.

literacy (0.96), but has low values in the sets of developed (0.16) and urbanized (0.07) countries. The theoretical reasoning is that we are only interested in countries that simultaneously fulfil all three conditions. The combination of these causal conditions (D* U* L) attributes Estonia a 0.07 score. In this example, Estonia has an outcome value of 0.12 (survival of democracy). A fsQCA concludes that there exists a relation between the combination of D*U*L and the breakdown of democracy in the Estonian case. The combination of D*U*L is a subset of the outcome (since the X value is smaller than the Y value). This is also true for Belgium and Czechoslovakia, but not for Austria. In the Austrian case, the combination D*U*L is not a subset of the outcome. The value for X is higher than the value for Y and can therefore not be interpreted as a sufficient condition.

Table 3: Fuzzy-set membership of cases in causal combinations

	Membership in causal conditions			Combination of causal conditions (X)	Outcome (Y)
	DEVELOPED (D)	URBAN (U)	LITERATE (L)	D * U * L	
Austria	0.81	0.12	0.99	0.12	0.05
Belgium	0.99	0.89	0.98	0.89	0.95
Czechoslovakia	0.58	0.98	0.98	0.58	0.89
Estonia	0.16	0.07	0.98	0.07	0.12

Source 7: Snapshot from Ragin’s presentation in (Ragin 2009: 101).

Still, two major questions remain to fruitfully evaluate the fuzzy-set membership in cases. First, to which degree are cases (sharing the same combination of conditions) also displaying the outcome in question? This is called set-theoretic consistency.⁵⁹ Second, to which degree does such a causal combination account for instances of the outcome? This is called set-theoretic coverage. It is in principle possible that cases are a 100% consistent with the outcome, but the outcome is still happenstance (see Dion 1998). Therefore, Ragin talks about a trade-off between coverage and consistency (Ragin 2006: 299) and gives the following definitions for both measurements:

In the plot of membership in the outcome (Y) against membership in a causal condition or combination of causal conditions (X), consistency is defined as the proportion of cases on or above the main diagonal of the plot. If membership X is consistently less than or equal to membership in Y, then all the cases will fall on or above the main diagonal of the plot, yielding a consistency score of 1,0 (or 100% consistent) (Ragin 2006: 294–5).

⁵⁹ Belgium and Czechoslovakia show relatively high scores in the causal combination and in the outcome, while Austria and Belgium show low scores in the combination and the outcome.

It is possible to formalize the calculation of fuzzy set-theoretic consistency as follows:

$$\text{Consistency } (X_i \leq Y_i) = \sum(\min(X_i Y_i)) / \sum(x_i);$$

whereas ‘min’ indicates the selection of the lower of the two values. “When the X_i values are all less than or equal to their corresponding Y_i values, the consistency score is 1.00; when there are only a few near misses, the score is slightly less than 1.00; and when there are many inconsistent scores, with some X_i values greatly exceeding their corresponding Y_i values, consistency drops below the 0.5” (Ragin 2006: 297). However, consistency says only little about the number of cases that are covered by a specific path. As elaborated above, QCA is based on the assumption that not only a single condition explains a certain outcome, but that there are numerous ways to arrive at the same outcome. The coverage – the question of how much of the outcome is covered by a condition in question (Ragin 2006: 300) – must consequently be measured *after* the establishment of the consistency of a certain path. The degree of coverage can formally be expressed as follows:

$$\text{Coverage } (Y_i \leq X_i) = \sum(\min(X_i Y_i)) / \sum(x_i) \text{ (Ragin 2006: 301).}$$

The QCA researcher must nonetheless base his findings on theoretical evidence. Low coverage can still contain very substantial information about empirical cases. To take this into account, different types of coverage can be calculated: raw coverage, unique coverage and solution coverage (for more on that see Schneider, Wagemann 2013: 129–139). In sum, fsQCA as a technique is more sophisticated than csQCA. Similar to mvQCA, it allows for a more precise operationalization of the data which is at the same time harder to apply and to interpret. Yet, it is still grounded in the basic set-theoretic reasoning.

B.3.1.2 Addressing the critiques of QCA

As every statistical method, the application of QCA techniques has some pitfalls. Many problems derive from the fact that the QCA is not simply a research technique, but also incorporates a theoretical argumentation. Conditions – or independent variables – are not simply tested, but derived from substantial theoretical knowledge: only if all theoretically relevant conditions have been correctly identified *and* operationalized, a QCA can be successfully pursued (which makes the approach more deterministic than conventional statistical methods). If relevant theoretical conditions are omitted, the results of a QCA are blurred. However, the omission of relevant explanatory variables poses a problem for every statistical technique. It is admittedly more severe in set-theoretic approaches, but not fundamentally different from other statistical methods. The correct identification often requires in-depth knowledge about the cases at hand. This is one reason why QCA is better suited for medium N research design. The same is true for the selection of empirical cases.

They must be selected in a way that diversity on factors of interest is maximized, and variation in contextual conditions minimized (Yamasaki, Rihoux 2009: 125). The choice of conditions and cases thus requires careful consideration. A substantive, theoretically derived selection of cases can help to overcome these shortcomings. Also, QCA techniques are sometimes criticized for the (arbitrary) setting of thresholds (especially in csQCA). Generally, thresholds can either be set mechanically (for instance by the statistical mean) or theoretically. While the former does not necessarily pay attention to the empirical evidence of cases⁶⁰, the latter has the disadvantage that the replicability of the research is more difficult to conduct (Yamasaki, Rihoux 2009: 130–132). However, theoretical threshold setting has an anchor in case knowledge, and might therefore be better justified empirically. Also, it is a fundamental problem in all social sciences that the verbal categories we form do not have an objective expression in empirical reality. There can be a variety of different objective criteria for ‘rich’ or ‘democratic’ countries. Nonetheless, these categories exist and form our thinking. The set-theoretic logic has the advantage that it can be designed in a way that is close to our everyday use of these terms (as elaborated above). While the QCA researcher must pay attention to the meaningful setting of thresholds, detailed differences within a given set can more easily be neglected. Another problem in the application of QCA is the occurrence of contradictory configurations, i.e. different empirical outcomes occur for the same combination of conditions. These contradictory cases often indicate that the theoretical frame needs to be revised. Various strategies (see above) are available to overcome this problem. The most prominent one is to re-evaluate specific cases and search for additional conditions that have been omitted (for other strategies see Yamasaki, Rihoux 2009: 133ff). This problem is particularly relevant in csQCA. Since this project pursues a fsQCA, these pitfalls can more easily be circumvented. Another shortcoming is the occurrence of logical remainders. This phenomenon is called ‘limited diversity’. Limited diversity means that there is no empirical evidence for a number of logical possible combinations of conditions (the number of possible combinations increases exponentially with the number of conditions). Logical remainders need not be considered problematic per se, but their analysis is crucial in set-theoretic approaches. Different strategies have been developed to handle logical remainders (see Schneider, Wagemann 2013: 160–165). Crucially, this problem can occur in other techniques as well and QCA possesses by now a broad range of techniques to deal with this issue.

B.3.1.3 Why Fs-QCA?

A couple of reasons support the application of a fsQCA for this particular research design. First, the supposed causal structure leading to strong parliamentary participation rights within

⁶⁰ Software, such as TOSMANA, can help in identifying meaningful thresholds.

the ESM is expected to be complex. As elaborated above (see B.2.5), it is rather unlikely that a single condition or combination thereof explains the expected outcome on its own. Equifinality (see B.3.1.1.2) is a fundamental pillar of every configurational research method, and a fsQCA allows analysing these conjunctural causal structures. In section C, the explanatory power of all single conditions (see C.1.1.1 and C.1.2.1) as well as combinations thereof (C.1.1.2 and C.1.2.2) will be tested separately. Second, the number of cases under investigation (18) is too low as to apply frequentist research techniques. Although QCA can be applied for large N studies as well, it has special advantages in medium N research designs. The software offers various ways of dealing with logical remainders (as elaborated in the previous section); it also allows measuring coverage and consistency degrees which are constitutive for interpreting results in a research design with a relatively low number of cases. Third, the researcher must develop a good understanding and knowledge of the individual cases which help interpreting the research results. The questionnaires distributed to assess parliamentary involvement in ESM affairs (see B.1) as well as the comprehensive collection of data for the independent variables (see B.4) allow for in-depth insights into the variables. A medium-N research design is suitable for such an approach. Last but not least, fsQCA will be used as a case selection mechanism. It allows for the identification of special cases that should be analysed separately in a qualitative research frame. The second part of the empirical analysis (see C.2) thus concludes with four case studies on parliaments with particularly strong and weak participation rights within the ESM.

B.3.2 Case Study Analysis

These four case studies will be informed by two main sources. First, by documents concerning the ratification of the ESM treaty (such as ratification debates in the plenary, information on committee meetings, votes on the respective treaties, etc.) via a qualitative content analysis. And second, by expert interviews with parliamentarians and administrators from the four parliaments under investigation. This information will be added by publicly available sources on the ratification debate, such as secondary literature or newspaper articles. Documents surrounding the ratification of the ESM treaty have been searched online and include the plenary protocols of the ratification debates, information on committee meetings and the votes on the respective treaty as well as the accompanying laws. Most information was accessible from the parliamentary websites. Occasionally, former interview partners provided additional information on the ratification process, such as position papers of parliamentary party groups. This information was complemented with academic sources on the role of the respective parliaments in EU affairs. For the case studies on Portugal and Ireland, a comprehensive European Commission report (European Commission 2014b) on the work of the former Troika was consulted to put the economic situation of these two countries

into perspective. The evaluation contains specific information on the Memoranda of Understanding that these two countries had to ratify. Additionally, the quarterly progress reports on the implementation of the MoUs have been consulted. 29 expert interviews have been conducted between May 2012 and March 2015 in Berlin (May 2012), Lisbon (June 2013), Dublin (October 2013) and Vienna (March 2015). A complete overview can be found in Table 4. The interviewees included ten government representatives, nine opposition representatives and ten administrators. In each parliament, the number of government and opposition representatives was equally distributed. All interviewees received interview guides in advance, outlining the topic of the discussion and presenting concrete questions on the European Stability Mechanism and other instruments to tackle the financial and debt crisis. Preferred interview partners were MPs sitting in the finance or budget as well as the European Affairs committees. All interviews lasted between 25 and 80 minutes. Some of them were audio recorded (in case we received the explicit permission); in other cases transcripts of the interviews were produced shortly after the meetings by memory. We assured the interviewees anonymity to increase the likelihood that they would reveal more confidential information of the subject. In three out of four interview trips, two interviewers were present, allowing one researcher to lead the conversation while the other took notes.

The first round of interviews took place within the OPAL⁶¹ project in Berlin (together with Katjana Gattermann) and was explorative in nature. The OPAL project had a general focus on the role of national parliaments within the European Union, i.e. the role of the plenary and sectoral committees in EU affairs, inter-parliamentary cooperation and the new powers granted to national parliaments by the Lisbon Treaty. It also focused on the Eurozone crisis as one particular case study for which my colleague Katrin Auel (IHS) and I were in charge. A detailed interview guide for questions concerning the financial and debt crisis had been developed and was distributed to the interviewees in advance (see Table 40 in the appendix).

We interviewed three government representatives, five opposition representatives and three administrators dealing with EU affairs in the German Bundestag. The interviews took place a couple of weeks before the ESM treaty was eventually ratified in the Bundestag (29 June 2012). The salience of the topic was therefore quite high.

⁶¹ Observatory of Parliaments after the Lisbon Treaty. The three-year project was funded by the DFG, ANR, NOW and ESCR and was a collaboration of the universities of Cambridge, Cologne, Maastricht and Sciences Po (Paris).

Table 4: Interview partners in the four countries under investigation

	Position (MP/ administrative staff)	Country	Chamber	Government/Opposition	Committee Affiliation	Voice Recording	Time of the interview
Aa	Secretariat EAC	Germany	Bundestag	Neutral	EAC	No	May 2012
Ab	Assistant MP	Germany	Bundestag	The <i>Left</i> (Opp.)	EAC	Yes	May 2012
Ac	Assistant MP	Germany	Bundestag	FDP (Gov.)	EAC	Yes	May 2012
A1	MP	Germany	Bundestag	CDU (Gov.)	EAC, Committee of Defence	No	May 2012
A2	MP	Germany	Bundestag	SPD (Opp.)	Subcommittee of the budget committee for EU Affairs	No	May 2012
A3	MP	Germany	Bundestag	SPD (Opp.)	EAC	No	May 2012
Ad	Administrator	Germany	Bundestag	Neutral	Scientific Service Bundestag	Yes	May 2012
Ae	Assistant MP	Germany	Bundestag	The <i>Left</i> (Opp.)	Committee of the Interior	Yes	May 2012
A4	MP	Germany	Bundestag	FDP (Gov.)	EAC	Yes	May 2012
Af	Assistant MP	Germany	Bundestag	The Greens (Opp.)	EAC/ Finance Committee	Yes	May 2012
Ag	Administrators	Germany	Bundestag	Neutral	Europe Division of the German Bundestag	Yes	May 2012
B1	MP	Ireland	Seanad	Fine Gael (Gov.)	Committee on Finance, Public Expenditure and Reform	Yes	October 2013
Ba	Administrator	Ireland	Dáil Éireann	Neutral	EU Policy Advisor	Yes	October 2013
B2	MP	Ireland	Dáil Éireann	Fianna Fail (Opp.)	Committee on Finance, Public Expenditure and Reform	Yes	October 2013
B3	MP	Ireland	Seanad	Fine Gael (Gov.)	EAC	Yes	October 2013
B4	MP	Ireland	Dáil Éireann	Independent	EAC	Yes	October 2013
B5	MP	Ireland	Dáil Éireann	Fine Gael (Gov.)	EAC	Yes	October 2013
B6	MP	Ireland	Dáil Éireann	Independent	Committee on Finance, Public Expenditure and Reform	Yes	October 2013
Bb	Administrator	Ireland	Dáil Éireann	Neutral	Convention on the Constitution Secretariat	Yes	October 2013
C1	MP	Portugal	Assembleia	Socialist (Opp.)	EAC	Yes	June 2013
Ca	Administrator	Portugal	Assembleia	Neutral	EAC	Yes	June 2013
Cb	Administrator	Portugal	Assembleia	Neutral	International Relations and Protocol	Yes	June 2013
C2	MP	Portugal	Assembleia	Neutral	EAC	Yes	June 2013
C3	MP	Portugal	Assembleia	PSD (Gov.)	EAC	Yes	June 2013
C4	MP	Portugal	Assembleia	PCP (Gov.)	EAC	No	June 2013
Da	Administrator	Austria	Nationalrat	Greens (Opp.)	ESM Committee	Yes	March 2015
D1	MP	Austria	Nationalrat	ÖVP (Gov.)	ESM Committee	No	March 2015
D2	MP	Austria	Nationalrat	FPÖ (Opp.)	ESM Committee	No	March 2015
Db	Administrator	Austria	Nationalrat	SPÖ (Gov.)	ESM Committee	Yes	March 2015

Source 8: Own presentation.

The interview trip to Lisbon in June 2013 was organised within the OPAL project as well, but additionally funded by a programme of the University of Cologne (Nachwuchs-Professorinnen Programm). The interviews were conducted with my colleague Claudia Heffler. They focussed on the role of the parliament within the European Stability Mechanism as well as on inter-parliamentary cooperation. Six interviews have been conducted with two government representatives, one opposition representative and three administrators dealing with EU affairs. A detailed interview guide had been distributed in advance (see Table 41 in the appendix). Five interviews were conducted in English and one interview in Portuguese.

The interview trip to Dublin in October 2013 was equally funded by the above mentioned programme of the University of Cologne and conducted with my colleague Claudia Heffler. They covered the same topics as for the Portuguese case. We conducted interviews in both houses of the parliament (six in the lower chamber (Dáil Éireann) and two in the upper chamber (Seanad Éireann)). Three government and three opposition representatives have been interviewed as well as two administrators. Two of the opposition representatives had no party affiliation (independents) but considered themselves as opposition representatives. The interview guide for the Lisbon and Dublin interviews had been identical.

The interview trip to Vienna took place in March 2015, without assistance from colleagues. Two government and two opposition representatives were interviewed. Two of them were members of the parliament (ÖVP and FPÖ), while the others worked as administrators for political parties (SPÖ and Greens). An interview guide had been distributed in advance (see Table 42). All interviews have been conducted in German and were later translated into English.

The selection of the cases results from the fsQCA conducted in C.1. All information serves primarily as background information. Only rarely, interviewees are directly quoted (for small exceptions see C.2.3 and C.2.4). To guarantee anonymity, the individual interviews have been numbered (A = Germany, B = Ireland, C = Portugal and D = Austria). Interviews with parliamentarians have been additionally numbered 1,2,3 etc. and interviews with administrators with a,b,c, etc. (see again Table 4). All interview transcripts have been stored on a CD-ROM attached to this dissertation.

B.4 Independent Variables: Data Collection and Calibration

The purpose of the section is twofold. First, it collects data on the independent variables based on the four guiding assumptions developed in chapter B.2. All data relates to the year 2012 in which the ESM treaty has been ratified.⁶² Second, it will calibrate the data in order to make use of it for the fsQCA.

B.4.1 Data Collection Independent Variables

Different variables are collected to assess the macro-economic situation of Eurozone countries in 2012 (see B.4.1.1). In the absence of a single measurement for economic performance, eight of the most often used economic indicators are chosen from renowned sources (such as Eurostat or the ECB, see below). The assessment of Euroscepticism (see B.4.1.2) is twofold: data from the Eurobarometer measures public Euroscepticism, while the latest 2010 Chapel Hill index assesses the positioning of political parties concerning European integration. Two recent rankings from high-quality journals are consulted in order to assess the institutional capacities of NPs in handling EU affairs (see B.4.1.3). Constitutional and political requirements to ratify the ESM treaty (see B.4.1.4) are measured by calculating the majority of the governing parties in parliament as well as on the basis of a European Commission report which outlines if (and by which majorities) parliamentary chambers were involved in the ratification of the ESM treaty.

B.4.1.1 Macroeconomic Situation

The economic situation of Eurozone countries differed significantly when the ESM treaty was ratified in 2012 (see for instance Buti et al. 2012; De Grauwe et al. 2012). In order to arrive at a robust measurement, I combine some of the most often used economic indicators measuring the performance of Eurozone countries in 2012. Some of the indicators measure rather long-term economic performances of a country and remain comparatively stable over time (such as the GDP per capita or the government debt ratio)⁶³ others can be subject to rapid changes

⁶² To enhance comparability, the data for Latvia was also taken for the year 2012, although it joined the euro in 2014. However, the acceptance of ESM conditions took place well ahead of 2014. Parliamentary deliberations on the ESM treaty are likely to have taken place in the 2012 period, such as for all the other Eurozone countries.

⁶³ Notable exceptions are the so-called programme countries which experienced a sharp increase of their public debt levels in 2010-2012. The public debt of most industrialised countries substantially increased although there are countries that traditionally had higher public debt levels (e.g. Italy, Belgium, Portugal, Greece) than others. And also the GDP per capita – despite its increase in all countries in the last decades – remains relatively stable vis-à-vis other countries over time.

(such as interest rates on government bonds or the credit rating of a country)⁶⁴. If the analysis was limited to a single of those economic indicators, the assessment of economic performance would necessarily be biased.⁶⁵ I therefore opt for a mixture of long-, medium- und short-term indicators: GDP per capita, government debt ratio (long-term), GDP growth, unemployment rate, the competitiveness of the economy (medium-term), the annual government deficit ratio, the credit rating (which can in principle be both, medium or short term) and interest rates on ten-year government bonds (short-term) (see Table 47). The following paragraphs present the data and their sources and provide explanations as to why the respective indicators have been chosen. I will start with government debt and the annual governmental deficit ratio (commonly known as the ‘Maastricht criteria’); this is followed by GDP per capita and the economy’s competitiveness, the unemployment rate and GDP growth, interest rates on ten-year government bonds as well as credit ratings.

The Maastricht Criteria: Government Debt Ratio and Annual Government Deficit Ratio

The two most prominent economic indicators to assess the economic performance of EU Member States are the public government debt and the annual government deficit ratio. They are the reference values for the so-called excessive deficit procedure which is laid down in protocol 12 of the Lisbon Treaties: “3 % for the ratio of the planned or actual government deficit to gross domestic product at market prices and 60 % for the ratio of government debt to gross domestic product at market prices”. The data for these two indicators is taken from the Eurostat homepage (Euro Area Statistics 2015). Only six countries complied with the 3% government deficit criteria in 2012, namely Germany (+0.1%), Luxembourg (+0.1%), Estonia (-0.3%), Latvia (-0.8%), Finland (-2.1%) and Austria (-2.3%). Countries not complying with these criteria can face sanctions initiated by the European Commission and must explain how they are going to respect the outlined criteria in the medium-term.

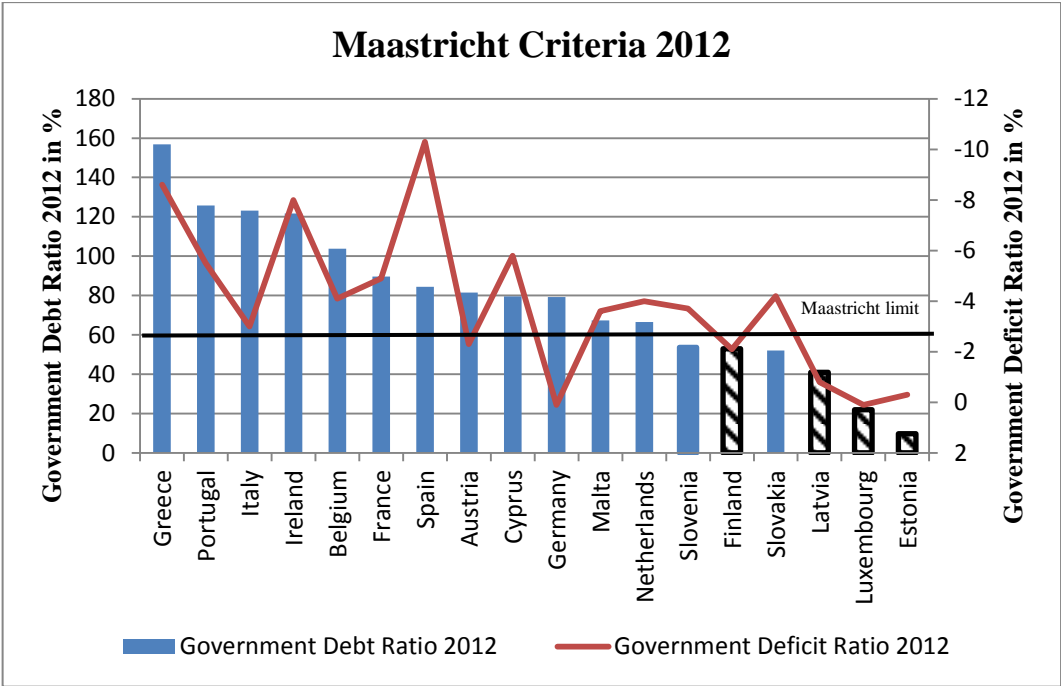
Regarding the second Maastricht criteria, only six countries had a ratio of government debt to gross domestic product lower than 60% in 2012: Estonia (9.7%), Luxembourg (21.9%), Latvia (40.9%), Slovakia (52.1%), Finland (52.9%) and Slovenia (53.7%). Other economically strong countries such as Germany, Austria or the Netherlands failed to comply

⁶⁴ Credit ratings are assumed to measure the overall economic performance of a country. They take various economic indicators into account. However, they also measure and influence the perception of market participants. Credit ratings have thus a political component. Furthermore, the mispricing of credit ratings after the introduction of the common currency has called the reliability of these measurements into question.

⁶⁵ Germany, for instance, had a quite high level of public government debt in 2012 (long-term), although the interest rates on ten-year government bonds (short-term) remained at record low values. Other countries experienced a sharp increase of their annual government deficits (medium-term) in 2010-2012 although the credit rating or the unemployment rate remained relatively stable (the Netherlands are a case in point).

with this criterion. Estonia, Luxembourg, Latvia and Finland were thus the only four countries in compliance with both Maastricht criteria in 2012. There is a relatively strong correlation between a high government debt and a high government deficit ratio. One exception in 2012 is Spain: traditionally, Spain's government debt ratio had been lower than the European average (similar to Ireland), but the annual government deficit surged considerably throughout the crisis (as did the overall level of public debt). Italy, on the other side, managed to keep its government deficit ratio on a relatively modest level though its public debt has always been one of the highest in Europe. The economic situation in Cyprus just started to deteriorate in summer 2012 (and Cyprus experienced a sharp increase in its public debt level as well as a major soar of its unemployment figures since early 2013). All Eurozone countries which already requested financial assistance (as of mid-2012) can be found in the first half of Figure 5. The figure thus already indicates current and former debtor countries.

Figure 5: Government Debt and Government Deficit Ratio. Eurozone 2012



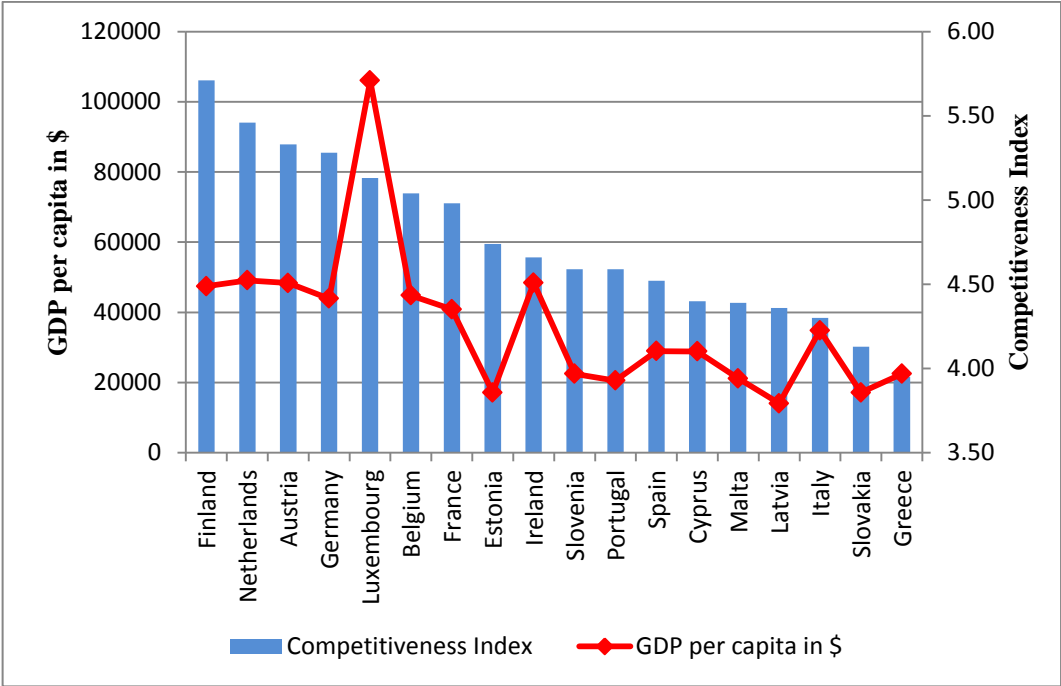
Source 9: Own compilation, sources are indicated in the following paragraphs. The black line indicates the threshold to comply with both Maastricht criteria.

However, as argued above, looking at these two indicators is potentially biased. The position of smaller countries (such as the Baltic States or Luxembourg) must be put into a broader context. With regard to the Maastricht criteria these countries perform well; however, they are economically not the most important players in the Eurozone.

GDP per Capita and competitiveness

In order to account for the overall prosperity of a country, the GDP per capita is considered. GDP per capita is a commonly used indicator assessing the aggregate welfare of a country. It adds up the value of all final goods and services that have been produced in one year (on a yearly basis) and divides this value by the number of people living in a country. The indicator does consequently not allow making any statements on the distribution of economic wealth within a country. The data for this indicator was retrieved from the homepage of the World Bank (World Bank 2015) and is presented in US dollars. The indicator is thus helpful to put the economic performance of Eurozone Member States into perspective. They differ significantly from the values of the above mentioned Maastricht criteria. Latvia (14.000\$) and Luxembourg (106.000\$), for instance, both met the Maastricht criteria, but Latvia’s GDP per capita is only around 13% that of Luxembourg (it equals around 64% of the European average). From those countries that eventually received a bailout, only Ireland (and to a lesser extent Spain) have an above average GDP per capita.

Figure 6: Competitiveness Index and GDP per capita in \$



Source 10: Own compilation, sources are indicated in the text.

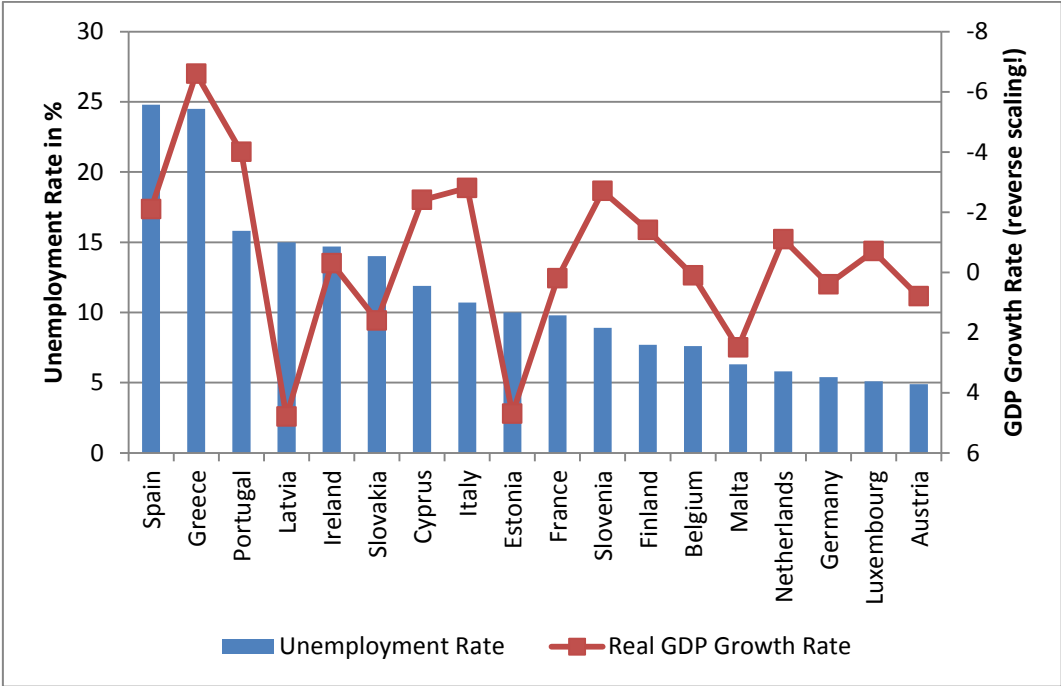
GDP per capita is often presented alongside information on the general competitiveness of an economy. A high competitiveness of a market economy is considered crucial to maintain economic welfare. In order to acquire larger amounts of economic prosperity, countries must have gained high levels of competitiveness to be successful in international markets. The World Economic Forum regularly publishes insight reports measuring the competitiveness of

European economies. The indicator includes, among other things, the spending of a country on research and development (R&D), resource efficiency, the development of the digital market or the number of patents in a country (for a detailed description see World Economic Forum 2012). As can be seen in Figure 6, there is a high correlation between competitiveness and GDP per capita. Luxembourg is in a way an outlier because it has an exceptionally high GDP per capita (mainly due to its large banking industry). The most competitive economies in 2012 were in Finland, the Netherlands, Austria, Germany and Luxembourg. On the other side of that scale are Greece, Slovakia, Italy, Latvia and Malta. Adding these two indicators to the picture, a comparatively strong North-South divide emerges.

Unemployment Rate and GDP Growth

The unemployment rate and the annual GDP growth provide better information on the medium-term situation of a country. Both indicators can be subjected to fluctuations, but they also follow longer-term patterns.

Figure 7: Unemployment Rate and GDP Growth in 2012



Source 11: Own compilation. Sources are indicated in the text. To increase comparability of the two indicators, the GDP growth rate is presented on a reversed scale.

The GDP growth allows measuring the economic development over time and, more importantly, of economies of different sizes. It compares the value of all produced goods and services, reduced by the costs of their production. The unemployment rate is equally comparable over countries and measures the percentage of the economically active part of the

population which is currently jobless. Data for both indicators were again retrieved from Eurostat (Eurostat 2013a, 2013b).

The economic performance of Eurozone countries differs significantly with regard to these two indicators. Spain and Greece suffered from record high unemployment rates (24.8% and 24.5%) while Austria experienced nearly full employment (4.9%). The average unemployment rate in the Eurozone in 2012 was between 10.7% (January) and 11.7% (December) with a tendency on the rise (Eurostat 2013b). The variation is also striking regarding GDP growth. While Latvia experienced a GDP growth of 4.8%, Greece's economy shrank by around 7%. On average, the growth domestic product shrank by 0.8% in the Eurozone in 2012 (Eurostat 2013a). The Eurozone had therefore been in a recession in 2012.

Again, a North-South divide can be observed with these numbers. All countries that received financial assistance can unsurprisingly be found in the first half of Figure 7. This picture intensifies when short-term indicators to measure the macro-economic performance of a country are included.

Interest Rates and Credit Ratings

The interest-rates on ten year bonds as well as the credit ratings are, in a way, assessments of the future economic development of a country. Ideally, they contain information from the economic indicators presented above, but can also be complemented by political considerations. Interest rates on government bonds can be described as a kind of 'monetary thermometer' (see for the term, among others, Bjorksten, Syrjänen 1999) for the economic situation of a country. Countries regularly issue government bonds to re-finance their expenditures. The interest rates on governments bonds reflect the expectation of market participants on the probability that a debtor can repay his obligations.⁶⁶ When Greece or Portugal faced extraordinarily high interest rates on their government bonds (up to 25% for Greece in 2010) their governments eventually decided to request financial assistance from the EFSF/EFSM/IMF. Different kinds of government bonds exist, from which the ten-year government bonds are most indicative to assess the ability of a country to re-finance its debt.⁶⁷ Borrowing money for a ten year period requires a solid knowledge of the economic situation of a country. A six-month loan, on the other side, is less risky for the debt holder since the creditworthiness can be more easily predicted. Numbers were again retrieved from Eurostat (Eurostat 2014) which publishes data on a monthly basis. The monthly data for 2012 was

⁶⁶ They are nonetheless used in academic studies: in order to assess the impact of European Council decisions on the 'financial markets', for instance, changes in the return on sovereign debt served as an important indicator in a study by Smeets and Zimmermann (see for instance Smeets, Zimmermann 2013).

⁶⁷ Market participants normally pay lower interest rates for short-term government bonds since they can better assess whether a country can pay back its loan in a shorter time period. Investments in ten year governments bonds, on the other side, require a careful assessment on the creditworthiness of a market participant.

summoned and divided by twelve to form the monthly average interest rate for the year 2012. In the period under investigation, Germany (1.63%), Luxembourg (2.05%) or Finland (2.11%) could re-finance themselves at record low prices while interest rates for programme countries went through the roof (Greece with 25.7%, for instance). But also Italy (5.75%) or Cyprus (7%) faced a sharp increase of their costs to re-finance their debt. Since the beginning of the common currency, the spread between the interest rates of the Eurozone countries has never been as wide as of 2012.

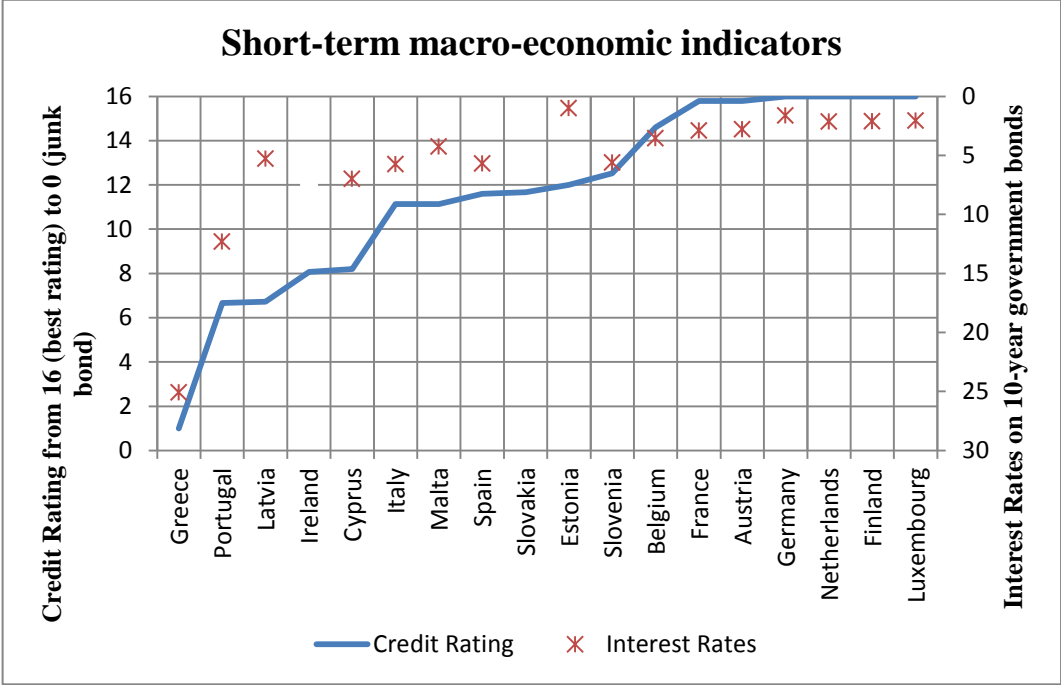
Credit ratings are another economic assessment of the creditworthiness of a country. They significantly influence the decision to buy government bonds and also contain a strong political component. Besides data on economic fundamentals, credit rating agencies try to assess how likely it is that a certain government policy is successful. They can upgrade their ratings if a government announces policy measures from which the agency believes that they can be successful. Likewise, they can downgrade their rating if the political outlook for a country seems uncertain (for instance, if an election did not result in stable majorities for a governing coalition). The role of credit rating agencies has become highly contested throughout the course of the crisis (see among others Darbellay 2013). The three most influential agencies are Standard& Poor's, Moody's and Fitch, all U.S. based companies. They publish updated assessments on the creditworthiness of states in irregular intervals. Their rankings partly differ in their assessments, but also in their scaling (see full table can be found in the appendix, see Table 43). The 16 highest ratings in all three agencies range from 'Triple A' to 'Highly Speculative'. Below this threshold, government bonds count as 'substantial risks' or even default.

The highest 16 classifications of all three agencies are measured within the same intervals; only their names differ. To operationalise and summarize these numbers, the highest 'triple A' rating received the value 16, the second highest rating (Aa1: Moody's, AA+: S&P, AA+: Fitch) the value 15, etc. All ratings below the value of 'highly speculative' (below 'B2' for Moody's, 'B' for S&P, 'B' for Fitch) received the value 0. A distinction between different kinds of bonds below the threshold was unnecessary since the empirical evidence for these cases is limited (this only applies to Greece).

Instead of relying on data from a single point in time, I took data from five different points in time between April 2010 and October 2012 (due to data availability). The assessments neither differ significantly over time nor between the three agencies. Four countries regularly received the highest rating from all three rating agencies: Finland, Germany, Luxembourg and the Netherlands (the complete comparable data can be found in the appendix, see Table 44, Table 45 and Table 46). Investments in governments bonds from these four countries were not expected to pose a risk to bondholders. Also Austria and France receive high ratings (15.8)

although Stand& Poor’s had downgraded both countries in 2012 (both countries were still able to re-finance themselves at record low prices).

Figure 8: Credit Ratings and interest rates on 10-year government bonds



Source 12: Own compilation. Sources are indicated in the text.

The lowest ratings as well as the highest interest rate on ten-year bonds can be found for Greece: its governments bonds are assumed to pose a substantial risk of default (average value of 1) and thus reflect the exceptional macroeconomic situation of the Hellenic Republic in 2012. However, also countries such as Latvia, Ireland, Portugal or Cyprus receive low credit ratings (values range between 6.07 and 8.2) and thus have to pay high interest rates on government bonds. Again, the economic North-South divide is strongly visible in these numbers.

All the eight indicators represent a wide range of economic assessments. In most cases, the values of the different indicators are interrelated. The combination of these eight indicators (conducted in B.4.2.2.1) allows arriving at a single, robust measurement to assess the overall macro-economic situation of a country. The full list of these macro-economic variables can be found in the appendix (see Table 47).

B.4.1.2 Euroscepticism

Besides macro-economic factors, Eurosceptical attitudes are expected to impact on parliamentary prerogatives in ESM affairs (Raunio 2005). Since the issuing of financial

assistance is a particularly sensitive policy field, I assume that these attitudes were taken into account when parliaments drafted the accompanying regulations of the ESM treaty. The assessment of Eurosceptical sentiments, however, is equally challenging. A broad distinction can be made between public and party Euroscepticism. Both are interrelated: strong public Eurosceptical sentiments are likely to result in a stronger share of Eurosceptical parties in parliament. Differentiating between the two is nonetheless helpful since a shift in public Eurosceptical sentiments does not immediately result in an altered composition of the parliament. Furthermore, Eurosceptical parties in parliament have more direct means at their disposal to influence policy-making and can therefore more strongly account for Eurosceptical sentiments in a country. The following two sub-sections present data on public and party based Euroscepticism separately.

B.4.1.2.1 Public Euroscepticism

The measurement of public Euroscepticism is provided by data from the Eurobarometer. The Eurobarometer is conducted twice a year in all EU Member States as well as in some accession countries. It asks a wide range of questions. Some occur regularly which makes long-term comparisons possible.

The Eurobarometer has been criticised on several grounds: First, the European Commission, as the purchaser of the survey, is not well suited to assess preferences of integration since it has an inherent interest in positive results of the poll. Second, as Höpner and Jurczyk argue, the surveys did not always respect the most common standard rules of opinion polls (see Höpner, Jurczyk 2012). According to these authors, the Eurobarometer is partly at the borderline of being interest-driven propaganda and not objective preference testing (ibidem). This criticism might be slightly too harsh although the numbers of the Eurobarometer must be interpreted with caution. Nonetheless, in the absence of other comparable data sources to measure public opinion towards the European Union, data of the Eurobarometer will be used to measure public Euroscepticism. In the forefront of the ratification of the ESM treaty (in 2011 and 2012), the European Commission published a Eurobarometer asking, among other things, the following question: “In general, does the EU conjure up for you a very positive, fairly positive, neutral, fairly negative or very negative image?”. The question allows measuring the general satisfaction with EU politics. I took those answers into account where respondents answered they had a “fairly negative” or “very negative image” of the EU⁶⁸. To ensure greater validity, I took the responses from the November 2011 and June 2012 Eurobarometer (see European Commission 2012: 13). The same Eurobarometer also asked whether respondents regard “the membership of their country as a ‘good’, ‘neither good nor bad’ or a ‘bad thing’”. Although both questions are fairly similar, they provide information on

⁶⁸ The data does not allow distinguishing between these two answers.

the general attitude towards EU integration. I took those answers into account where respondents regarded EU membership as a bad thing. The answers are taken from the May 2011 and June 2012 Eurobarometer; the time horizon thus differs slightly (European Commission 2012: 16).

Table 5: Public Euroscepticism in 18 Eurozone parliaments

	<i>In general, does the EU conjure up for you a fairly negative/ very negative image (in %)?</i>		<i>Generally speaking, do you think that (your country)'s EU membership EU is a bad thing (in %)?</i>		
	EB 76.3	EB 77.4	EB 75.3	EB 77.4	∅
	Nov 2011	June 2012	May 11	June 12	
Portugal	35	34	26	31	31.5
Austria	42	29	25	29	31.25
Greece	37	31	33	19	30
Cyprus	21	35	25	27	27
Finland	31	31	19	17	24.5
Spain	22	28	17	18	21.25
France	26	25	19	12	20.5
Slovenia	20	25	21	16	20.5
Italy	21	20	17	20	19.5
Latvia	18	21	21	14	18.5
Ireland	26	22	12	13	18.25
Netherlands	29	22	12	9	18
Slovakia	26	21	10	11	17
Germany	25	18	16	8	16.75
Malta	19	18	18	12	16.75
Luxembourg	20	20	13	8	15.25
Belgium	23	18	11	9	15.25
Estonia	15	15	9	9	12

Source 13: Own compilation, based on (European Commission 2012).

The last column of the table (see Table 5) shows the average percentage of all combined answers, divided by four. According to this survey data, the highest public Euroscepticism can be found in Portugal, Austria, Greece and Cyprus. With the exception of Austria, these three countries were hit hard by the crisis and had to demand financial assistance from the EFSF/ESM/IMF. Ireland is an exception, where public Euroscepticism is surprisingly low. Also Finland and Spain show high levels of public Euroscepticism.

There are notable differences between the answers to the two questions. Dutch people, for instance, have a fairly negative image of the EU, but do not regard EU membership as a bad thing per se (25.5% and 10.5% on average respectively). The lowest level of public

Euroscepticism can be found in Estonia, Belgium, Luxembourg, Malta and Germany. The first four countries usually rank high with regard to a positive image of the EU. In Germany – similar to the Netherlands – the image of the EU is rather negative; however, only few people regard EU membership as a bad thing. Of course, the numbers must be carefully interpreted. They give a general idea about the degree of Eurosceptical attitudes of the general public which is expected to indirectly impact on political decision-making. These findings must be completed with information on party Euroscepticism. Political parties in parliament can exert greater parliamentary influence, for instance by politicizing European affairs.

B.4.1.2.2 Party Euroscepticism

Party Euroscepticism is often measured with the Chapel Hill Index which has been updated since its first publication in 2006 (see Bakker et al. 2012). The Chapel Hill Index is a survey directed at deputies of national parliaments in the European Union. It assesses, among other things, which course the party leadership took over European integration on a 1-7 scale. One specific question in the 2010 Chapel Hill Index was: “How would you describe the general position on European integration that the party leadership took over the course of 2010? [Strongly Opposed/ Opposed/ Somewhat Opposed/ Neutral/ Somewhat in favour/ In favour/ Strongly in Favour/ Don’t know].” This question has several advantages. First, the survey is an expert survey. Respondents can be expected to be well-informed about the given subject. Second, it is an indirect question towards the stance of the party leadership. The wording of the question rules out ambiguity (on this point see Proksch, Lo 2012). Answers are expected to be more objective since personal attitudes of the respondents are not asked for. Third, the survey question does not only capture Eurosceptical positions, but also positions in favour of European integration. Hence, a party does not have to be coded as either Eurosceptic or not-Eurosceptic. The Chapel Hill index allows measuring a degree of attitudes towards European integration. And lastly, the response rate to the surveys is unusually high; partly up to ten deputies per party responded on average to the questionnaire, allowing calculating a robust average score on the party’s attitude towards European integration. There are, however, also two shortcomings. First, the data set is from 2010 and thus two years before the ratification of the ESM treaty. No updated data on party positioning for the year 2012 exists. However, since party positioning towards European integration represents a more general attitude, it is unlikely that this attitude has changed significantly over two years. The potential inaccuracy of the data is thus not expected to influence the results of the analysis significantly. And second, data for Luxembourg and Malta was not available. In the course of another article, my colleague Katrin Auel and I therefore requested information from the deputies in these two countries to complement the Chapel Hill data set (Auel, Höing 2015). In other (rare) cases where individual data for a single political party was missing, we contacted country experts within the OPAL project to provide us with estimated numbers. The complete data can be

found in the appendix (see F.3.2). In a first step, the average score on the general positioning of the party leadership on European integration has been calculated for each party, ranging from ‘strongly opposed’ (1) to ‘strongly in favour’ (7).⁶⁹ In a second step, this average score was weighted according to the number of seats in parliaments. This is necessary to take the relative strength of a party (the share of seats in parliament) into account. Eurosceptical parties are often found on the fringes of the party spectrum, while pro-European parties tend to be mainstream parties. They traditionally occupy a larger number of seats in parliament. This is reflected with the adjusted indicator. In order to retrieve information on the seat share, all parliamentary elections results from 2010 were accessed from the parliamentary websites. The average score for each party has then been multiplied with the number of its seats in parliament.

These scores were then divided by the absolute number of seats to calculate the overall positioning of the entire parliament. The score calculated for each parliament thus ranges from 1 = strongly opposed to European integration to 7 = strongly in favour of European integration. This calculation can be found in model 1 of Table 6. However, the composition of some parliaments changed in the 2010-2012 period. I therefore conducted an alternative measurement by including the results of the more recent parliamentary elections – if necessary (see model 2).⁷⁰ The second model therefore takes into account the potentially altered compositions of parliaments in the period under investigation. There is, however, a trade-off between the two models: the data on party positioning for 2010 (model 1) is more accurate since the Chapel Hill questionnaire was sent exactly to those deputies sitting in parliament in the year 2010. The second model transfers these responses to the newly elected deputies⁷¹ although their positioning could – at least theoretically – have changed. The second model is thus more up-to-date with regard to the seat share, but slightly more prone to error due to potentially imprecise data. As Table 6 shows, however, the two indices do not differ significantly. The most Eurosceptical parliaments can be found in Greece (3.89 after the 2012 election), the Netherlands (2010: 4.14 and 2012: 4.23), but also Austria (4.74) and Finland (2010: 5.59 and 2011: 4.93). These countries are known for having strong Eurosceptical parties in parliament that partly gained additional seats in the post-2010 period. Most notable is the success of left and right extremist parties in Greece in 2012 (and also in 2015) and in Finland. Especially the Finnish 2011 elections were dominated by the question of a rescue package for Portugal under the EFSF (see among others Laffan 2014: 272). Parliaments with

⁶⁹ If ten deputies of a party responded to the respective questions, the average score of these responses has been summoned and been divided by ten.

⁷⁰ In a number of countries no parliamentary elections were held in the 2010-2012. This applies to Austria, Belgium, Germany, Italy, Luxembourg, Malta and Slovenia. An alternative measurement of party positioning was therefore unnecessary.

⁷¹ When new political parties entered the parliament, the Chapel Hill data was of course not available. It had thus to be omitted for further calculations.

rather Europhile political parties can be found in Luxembourg, Malta, but also in Ireland, Spain or Estonia. The two models presented above do not differ significantly, with the possible exception of Finland (where Eurosceptical parties gained seats in the 2011 election) and Latvia (that elected much a more pro-European parliament in 2011).

Table 6: Party Euroscepticism in 18 Eurozone countries, based on Chapel Hill data

Country	Model 1	Model 2
Austria	4.74	4.74
Belgium	5.91	5.91
Cyprus *	5.36	5.33
Estonia *	6.09	6.29
Finland *	5.59	4.93
France *	5.81	5.84
Germany	5.57	5.57
Greece *	3.89	3.89
Ireland *	6.21	5.96
Italy	5.23	5.23
Latvia *	4.59	5.96
Luxembourg	6.57	6.57
Malta	6.74	6.74
Netherlands *	4.14	4.23
Portugal *	6.25	6.29
Slovakia *	5.25	5.54
Slovenia	5.86	5.86
Spain *	6.32	6.15

Source 14: Own presentation. The complete data can be found in the appendix F.3.2.

‘**’ indicates that parliamentary elections have taken place between 2010 and 2012. Model 1 presents data based on the composition of national parliament in 2010. Model 2 presents the data based on the seat share of political parties after elections in 2011 or 2012 – before the ratification of the ESM treaty.

For the calibration of the data (see Table 16), I eventually used the second model. First, both models do not differ significantly in the first place. And second, although there is a trade-off between accuracy of the given responses and the accuracy of the seat share in parliament, there is no evidence that the general positioning of political parties towards European integration has changed significantly between 2010 and 2012. I thus take the altered composition of parliaments into account when calculating party based Euroscepticism. It was in this composition that the respective parliaments decided on the ratification of the ESM treaty in 2012.

B.4.1.3 Parliamentary Prerogatives in EU Affairs

National parliaments also differ with regard to their parliamentary prerogatives in EU affairs. At the beginning of the integration process, European politics were mostly treated as foreign politics and thus dominated by the executive. This changed with the beginning of the 1990s. In many parliamentary settings, specific laws or provisions now regulate the cooperation between the government and the parliament in EU affairs. European Affairs Committees were set up and parliamentary administrations were upgraded to better cope with the increasing amount of EU documents forwarded to parliamentary assemblies. Although this is a general trend, huge differences between Member States exist. The Danish Folketing, for instance, emerged as a chamber with a particularly strong influence on EU politics (see for instance Sousa 2008) while the involvement of the Belgium parliaments remained limited (Bosch 2014). Comparisons of parliamentary strengths in EU affairs remain nonetheless challenging in methodological terms. Are governments more accountable to their parliaments if NPs exercise an effective *ex ante* control (better access to information, the right to issue binding mandates, etc.)? Or are NPs more effective if they exercise strong *ex post* control, for instance threatening not to ratify or implement decisions taken at the European level? How can informal influence be accounted for if single MPs negotiate policy proposals with representatives of the executive?

The tasks of NPs in EU affairs are numerous: parliaments are expected to monitor and scrutinise legislative processes at the European level and to exercise influence *vis-à-vis* the European Council (Wessels and Rozenberg 2013) or their government representative in the Council of Ministers. Additionally, they are responsible for the ratification of treaty changes, the transposition of EU legislation⁷² (see for instance Karlas 2012: 1095) and should publicly deliberate on EU issues, hence informing the public about EU affairs.

I do not intend to provide an answer to the question of how to measure parliamentary strength in EU affairs, nor do I develop an own classification. Instead, I will refer to existing rankings in the literature and base classifications on formal parliamentary strength on existing knowledge. These rankings include all of the 18 Eurozone parliaments. To guarantee the quality of these rankings, I will only refer to rankings that have been published in high-quality journals. In order not to rely on the groundwork of a single author, I present two of the most recent rankings of parliamentary strengths: Karlas' index on parliamentary control in EU affairs (2012) and the OPAL index on parliamentary strength (Auel et al. 2015), both published in *West European Politics*. They cover a wide range of those indicators mentioned above and are thus representative for a larger number of classifications. The scores of the two rankings will be summoned to an overall indicator at the end of this section (see B.4.1.3.3).

⁷² Parliaments are to different degrees involved in the transposition of EU laws. In some settings, this can be regulated by government decree.

B.4.1.3.1 Karlas Index on Parliamentary Control in EU Affairs

Karlas (2012) measures parliamentary control on five dimensions: scope, decentralisation, influence mechanism, binding character and upper chambers (for a short description of the measurement see footnote)⁷³. Except for the last one, these dimensions represent the most often used criteria to assess parliamentary strength and are therefore representative for a number of other studies. The index has the advantage that it includes the 18 Member States under investigation. For the measurement, Karlas consults available national legal documents, basic information about parliamentary control (accessible from parliamentary websites) as well as three biannual COSAC reports from 2005, 2007 and 2010 (Karlas 2012: p.1101). As can be seen in Table 7, differences between the 18 parliaments are striking. The strongest parliaments in terms of (formal) parliamentary prerogatives can be found in Estonia and Finland, but also Slovenia, Germany or Austria score quite high. Quite often, strong parliamentary prerogatives in EU affairs positively correlate with parliaments' actual involvement (Auel and Höing 2014). The German Bundestag is an interesting case in this regard. Although it was for a long time perceived as a laggard in EU affairs (Auel 2006), it has recently acquired a stronger role in EU affairs (see for instance Calliess, Beichelt 2013), especially as a result of judgments of the German Constitutional Court.

Belgium, Cyprus, Greece, Ireland, Portugal and Spain possess only weak formal parliamentary prerogatives in EU affairs. In Belgium, the weak parliamentary involvement is often attributed to the fragmented parliamentary landscape which complicates the coordination of the different legislative chambers (Bosch 2014). In Cyprus or Ireland, the executive is traditionally dominant. Overall, parliaments in Southern Europe seem to exercise less influence on their government representatives in EU affairs than other parliaments.

⁷³ Karlas develops an index with a maximum of twelve points to assess parliamentary strength in EU affairs. To assess the scope of the scrutiny process, the index measures whether EU legislative proposals and the government's negotiating positions are systematically analyzed (2 points), only one of them (1 point) or none (0 points). The second dimension assesses the degree of decentralisation, in particular whether standing committees are regularly (2 points), occasionally (1 point) or not (0 points) involved in EU scrutiny procedures. Standing Committees possess more technical expertise to deal with certain policy proposals. Their regular involvement thus makes scrutiny procedures more effective. To assess parliamentary influence, Karlas measures whether mandates are regularly (3 points), not regularly (1.5 point) or not at all adopted (0 points). Furthermore, Karlas attributes 1.5 points to those parliaments that make use of the so-called scrutiny reserve (1.5 point), e.g. where a minister must abstain from voting at the European level if the parliament claims that it did not have sufficient time to scrutinize a proposal. Parliaments that can give binding mandates to their ministers are attributed 3 points. When the government must justify its position in case of deviations from the position of the parliament, he attributes 1.5 points. Since mandating is the strongest policy-influencing mean of a parliament, this indicator receives higher weight. Lastly, Karlas measure the influence of second chambers on the third and fourth indicator (2 respectively 1 point). Although second chambers (with the exception of Italy and, to some extent, Germany) are not involved in the day-to-day handling of the ESM, they did play an important role in the ratification process. It thus makes sense to include this indicator into the index.

Table 7: Karlas' index on parliamentary control for 18 Eurozone countries

Country	Score Parl. Control	Score Parl. Control in %	Country	Score Parl. Control	Score Parl. Control in %
Estonia	8.5	70.83	Italy	5.5	45.83
Finland	8.5	70.83	Luxembourg	3	23
Slovenia	7.5	62.50	Malta	2.5	20.83
Germany	7	58.33	Belgium	2	16.67
Austria	6.5	54.17	Cyprus	2	16.67
Netherlands	6.5	54.17	Greece	2	16.67
Slovakia	6.5	54.17	Portugal	2	16.67
Latvia	6.5	54.17	Ireland	2	16.67
France	5.5	45.83	Spain	2	16.67

Source 15: Karlas 2012: 1102, with minor modifications. The table only shows the 18 Eurozone countries that are analysed in this thesis. Furthermore, the column on percentage points has been added. It is based on the highest possible amount of points (12) of all five dimensions.

B.4.1.3.2 OPAL Score on Parliamentary Strength

The second classification, developed by Auel, Rozenberg and Tacea (Auel et al. 2015) within the OPAL project, has the advantage that it puts more emphasis on the access to information. Generally, the authors assume that governments act as the agents of their parliaments when EU affairs are delegated to them. In order to avoid agency losses parliaments need access to information. They must be able to process this information and must possess formal tools in order to exercise influence. The score for institutional strength is therefore based on three different sets of indicators: the ‘access to information’⁷⁴, the ‘scrutiny infrastructure’⁷⁵ and what the authors label “oversight”⁷⁶. In total, eleven indicators measure the institutional

⁷⁴ The access to the different types of documents (e.g. restricted, confidential, secret/ top secret etc.) is measured on a scale from 1 to 6. Whether the government provides explanatory memoranda on EU proposals is measured from 0 to 1. Whether governments provide ex ante reports on both, European Council summits and Council meetings, on one or neither of them is measured with 0, 0.5 or 1.

⁷⁵ If more than one sub-committee deals with EU affairs, the authors attribute 2 points. EACs established as full standing committees receive 1 point, and those that are established as joint committees with other chambers are attributed 0.5 points. Since EACs (at least as sub-committees) exist in every national parliament, the minimum value for this indicator is 0.5 and not 0. Secondly, Auel et al. assess whether standing committees are fully responsible (1 point) for EU affairs, whether they have only advisory responsibilities (0.5 point) and whether or not they are systematically involved in the scrutiny process (0 points). This indicator is similar to Karlas' index. Furthermore, they assess whether information is filtered (from a scale from 0 to 1) before they are submitted to the committees and the percentage of MPs involved in scrutiny (which is weighted with a Standing Committee multiplier, see appendix of their paper). The involvement of other standing committees in the scrutiny of EU affairs increases the number of MPs dealing with EU affairs. This is expected to have an impact on the general scrutiny activity.

⁷⁶ On the third dimension, the index measures four indicators. The binding character of mandates (on a scale from 0 to 1), the possibility of scrutiny reserves (ranging from 0 to 1), the scope of the scrutiny (whether EU documents and government positions are scrutinized (1 point), only one of them (0.5 points) or none of them (0

parliamentary strength in EU affairs. The fact that many indicators of this index overlap with those of Karlas is not a disadvantage but points to the validity of the indicators chosen. One difference is that the OPAL score does not pay specific attention to the role of second chambers. At the same time, the sources to measure the different indicators go beyond the often cited COSAC reports and also include 28 country reports by parliamentary experts developed within the OPAL project. The ranking of the parliaments is largely in line with Karlas' index (see Table 8). Finland, Germany, the Netherlands and Estonia still belong to the groups of parliaments with the strongest participation rights, although Austria is now ranked slightly lower. Portugal, Malta, Spain and Ireland have higher scores in this index, although starting from an arguably low level. They still belong to the weaker parliaments when it comes to formal institutional strength. Belgium and Greece are still placed at the bottom half of the index.

Table 8: Institutional strength in EU affairs for 18 Eurozone countries

Country	Score Parl. Control	Country	Score Parl. Control
Finland	0.84	Italy	0.46
Germany	0.78	Malta	0.46
Estonia	0.67	Portugal	0.43
Netherlands	0.66	Luxembourg	0.40
Slovenia	0.60	Spain	0.40
France	0.55	Ireland	0.39
Latvia	0.53	Cyprus	0.27
Austria	0.51	Greece	0.26
Slovakia	0.49	Belgium	0.24

Source 16: Auel et al. 2015, only 18 Eurozone countries.

Both indices exemplify that the measurement of parliamentary strength is a challenging undertaking and depends on the authors' choices of indicators and data sources. There exists no objective assessment to measure the institutional strength of a parliament. However, since both articles are very recent and have been published in high-quality journals, they can be used for the empirical analysis of this thesis. In order to account for the strengths and weaknesses of both approaches, the two indicators will be combined in order to increase the validity of the measurement in the next step.

points)). Lastly, they also assess whether governments provide ex post reports on European Council summits and meetings of the Council of Ministers (ranging from 0 to 1).

B.4.1.3.3 Combined Index of Institutional Strength in EU Affairs

The combined index (see Table 9) makes Finland the by far strongest parliament in terms of formal participation rights (77.42%), followed by Estonia (68.92%) and Germany (68.17%).

Table 9: Combined index of parliamentary (institutional) strength in EU affairs

Country	Karlas (in %)	Auel et al. (in %)	Combined Index (in %)
Finland	70.83	84.00	77.42
Estonia	70.83	67.00	68.92
Germany	58.33	78.00	68.17
Slovenia	62.50	60.00	61.25
Netherlands	54.17	66.00	60.09
Latvia	54.17	53.00	53.58
Austria	54.17	51.00	52.59
Slovakia	54.17	49.00	51.59
France	45.83	55.00	50.42
Italy	45.83	46.00	45.92
Malta	20.83	46.00	33.42
Luxembourg	23.00	40.00	31.50
Portugal	16.67	43.00	29.84
Spain	16.67	40.00	28.34
Ireland	16.67	39.00	27.84
Cyprus	20.83	27.00	23.92
Greece	16.67	26.00	21.34
Belgium	16.67	24.00	20.34

Source 17: Based on Karlas 2012 and Auel et al. 2015.

Finland traditionally possesses one of the strongest parliaments in EU affairs. The literature on parliaments often points to the fact that EU newcomers adopted stronger scrutiny systems than older EU Member States (see for instance O'Brennan and Raunio 2007). The scores for Latvia, Slovenia or Slovakia confirm this finding.

Overall, the combined index is in line with previous assessments on parliamentary strength in EU affairs. The group of formally weak parliaments contains Portugal, Spain, Ireland, Cyprus, Greece and Belgium (all less than 30 per cent) while also Malta and Luxembourg must be classified as rather weak parliaments in EU affairs.

B.4.1.4 Political and Constitutional Requirements to Ratify the ESM Treaty

Further factors potentially influencing the parliamentary participation rights in ESM affairs are the political and constitutional requirements to ratify international treaties. Governments must organize majorities in their parliaments in order to pass legislation. Depending on the political system, majorities in two parliamentary chambers or even public referenda are required to adopt international treaties; some constitutional courts can also review the constitutionality of adopted treaties. The following data concentrates on the size of the political majorities in parliament and constitutional requirements to ratify the ESM treaty (including the involvement of second chambers). The reason for this limitation is that no public referendum was required to adopt the ESM treaty in any of the 18 Eurozone countries. And second, comparable data for the role of constitutional courts is, although important, unfortunately not available. The specific role of some constitutional courts will nonetheless be addressed in the case studies in the second part of the empirical analysis (see C.2).

B.4.1.4.1 Parliamentary Majorities to Ratify the ESM Treaty

Governments rely on parliamentary majorities to pass legislation. Minority governments, but also small majorities combined with dissidents in the own ranks make the government dependent on opposition votes. The size of the parliamentary majority of the governing parties in lower chambers is thus an indicator to assess the political hurdles to ratify the ESM treaty. The greater the parliamentary majority is, the lower the need to compromise with opposition parties who – especially when they are Eurosceptic – are expected to demand stronger parliamentary participation rights in ESM affairs. In 2012, the majorities in parliaments for governing parties were unevenly distributed. On average, governing parties held a comfortable majority of more than 57% of seats in parliament.

However, the measurement of parliamentary majorities by the number of seats has some pitfalls. In the Cypriot Parliament, for instance, the governing AKEL party occupied only 19 out of 56 seats after the coalition partner (DIKO) had left the government over questions of the Cypriot conflict. Losing the (formal) parliamentary majority (in a transitional period) did not lead the entire Cypriot political system into a stalemate. The Cyprus political system is largely dominated by the executive and the directly elected president. Additionally, the ESM treaty was still adopted by all parties in parliament, even if not all deputies voted in its favour. The low number of parliamentary seats for the governing party is thus not well suited as a measurement for the political requirements to ratify the ESM treaty. The data for Cyprus will consequently not be used for the further analysis. The same applies to Italy, although for opposite reasons: in 2012, former Prime Minister Mario Monti led a coalition that – at least on paper – occupied nearly 88% of all seats in the lower chamber. The technocratic government was nonetheless contested during its term in office since a growing number of dissidents

withdrew its support. They eventually left the all-party coalition in 2013 resulting in new general elections.

Table 10: Seat share in Eurozone parliaments in 2012

Country	Number of seats in parliament	Number of seats governing parties	Percentage share
Austria	183	108	59.02%
Belgium	150	96	64.00%
Cyprus	56	19	33.92%
Estonia	101	52	51.49%
Finland	200	125	62.50%
France	577	320	55.46%
Germany	622	332	53.38%
Greece	300	160	53.33%
Ireland	168	113	67.26%
Italy	617	547	87.97%
Latvia	100	56	56.00%
Luxembourg	60	39	65.00%
Malta	69	35	50.72%
Netherlands	150	76	50.66%
Portugal	230	130	56.52%
Slovakia	150	83	55.33%
Slovenia	90	55	55.55%
Spain	350	186	53.14%

Source 18: Own presentation. Information on the seat share was retrieved from parliamentary websites.

Other outliers, although for different reasons, are Ireland and Finland. Ireland held parliamentary elections in early 2011 after the country requested financial assistance from the EFSF and the International Monetary Fund (see case study on Ireland in C.2.3). The election resulted in a landslide victory of Fine Gael and the Labour party, resulting in a seat share of more 67%. Parliamentary elections in Finland in 2011 were dominated by discussions about the financial bailout package for Portugal. During this debate, the True Finns Party could multiply their seat share in parliament by six, occupying 39 seats in an assembly with 200 deputies. As a result, a large coalition government composed of six parties was formed which occupied an unusually high share of parliamentary seats (62%). The data on the political parliamentary majorities must therefore be interpreted with caution. Even if governments possessed a formally large majority in parliament, this does not necessarily mean that the ESM vote was uncontested. And even if governments possessed only small majorities, the major opposition parties sometimes supported the ESM ratification without much political

debate. The data – with the exception of Cyprus and Italy – is thus primarily interpreted as a proxy to assess the likelihood that the government had to make concessions to the parliamentary opposition. The larger the seat share, the lower the political obstacles to ratify the ESM treaty.

In 2012, the smallest majorities in lower chambers were in Malta, the Netherlands and Estonia. In Malta, only two parties entered the parliament from which both are quite Europhile. In the Netherlands, on the other side, the minority government in power was supported by the VVD of Geert Wilders and possessed a majority of only one seat. The party is sceptical of further European integration. Hence, the small majorities in the Dutch case are more likely to have influenced parliamentary participation rights within the ESM than in Malta. Also in Germany, Greece or Spain governments could only rely on relatively narrow support in parliament. In Luxembourg, Belgium or Austria, by contrast, majorities were traditionally larger.

B.4.1.4.2 Constitutional Requirements to Ratify the ESM Treaty

The adoption of international treaties often requires extended majorities in parliament as well as the approval of upper chambers (in some bicameral systems). The ratification of the ESM treaty was simultaneously ratified with the modification of article 136 TFEU. Constitutionally, this change of EU primary law resulted in the need for enlarged majorities in parliament as well as the involvement of second chambers. In the following, I will assess the constitutional requirements to ratify the ESM treaty and article 136 TFEU separately, since they partly differ. It is interesting to recall that all EU parliaments had to ratify the modification of article 136 TFEU and not only Eurozone countries. Information is retrieved from a report by the European Commission (European Commission 2013) which also provides information on the ratification of the Treaty on Stability, Coordination and Governance (TSCG). Table 11 (see below) lists the constitutional requirements for the ESM treaty and article 136 TFEU separately.

In some Member States, the ESM was treated as a treaty under international law and passed with simple majorities in parliament (Cyprus, Finland, Greece, Latvia, Malta, Portugal and Slovenia). In these unicameral settings, it was relatively easy for the government to secure a parliamentary majority for both measures. In some unicameral settings, an absolute (Estonia, Slovakia) or even a qualified majority (Luxembourg) was necessary, increasing the constitutional requirements slightly.

Table 11: Constitutional requirements to ratify the ESM treaty

Country	Parl. Ratification Art. 136 TFEU	Parl. Ratification ESM
Austria	2/3-majority in both chambers.	International Treaty. Simple majority in both chambers.
Belgium	Simple majority in all chambers (at federal, regional and community level). “Mixed competence” (Ratification by all parliaments of Belgium necessary).	International Treaty (federal competence). Simple majority in both chambers.
Cyprus	Simple majority	International Treaty. Simple majority
Estonia	Simple majority.	International Treaty. Absolute majority.
Finland	Simple majority.	International Treaty. Simple majority.
France	Simple majority in both chambers.	International treaty. Simple majority in both chambers.
Germany	2/3 majority in both chambers.	International treaty. 2/3 majority in both chambers.
Greece	Simple majority.	International Treaty. Simple majority.
Ireland	Simple majority in both chambers.	International Treaty. Simple majority in both chambers.
Italy	Simple majority in both chambers.	International Treaty. Simple majority in both chambers.
Latvia	Simple majority.	International Treaty. Simple majority.
Luxembourg	Qualified majority.	International Treaty. Qualified majority.
Malta	Simple majority.	International Treaty. Simple majority.
Netherlands	Simple majority in both houses.	International Treaty. Simple majority in both chambers.
Portugal	Simple majority.	International Treaty. Simple majority.
Slovakia	Absolute majority.	Absolute majority.
Slovenia	Simple majority.	International Treaty. Simple majority.
Spain	Absolute majority in both chambers.	Absolute majority in both chambers.

Source 19: European Commission (2013).

In the remaining settings, simple, absolute or even two-third majorities were required in both chambers. These different requirements must be interpreted and categorized in order to assess which countries faced the highest constitutional requirements to adopt the ESM treaty. One major distinction is the number of chambers involved in the ratification process. A second distinction is concerned with the kind of majority required to ratify the treaty. This helps assessing the constitutional opportunities for opposition parties to influence ESM legislation, and especially the accompanying provisions regulating parliamentary influence therein. It is used and interpreted as a proxy for the likelihood that opposition parties were able to negotiate side payments from the government. Unicameral settings in which the ESM treaty and article 136 TFEU were ratified with simple majorities were attributed zero points, thus indicating the weakest constitutional requirements (such as Cyprus, Portugal or Malta). Unicameral settings in which absolute majorities were required were attributed one point (among others Luxembourg or Estonia). Constitutional requirements were rather moderate in these settings. Two points were attributed to bicameral settings where the treaties were ratified with simple majorities each (as it was the case in Belgium, France or Italy). Three points were attributed to the special case in Austria, in which a simple majority for the

ratification of the ESM treaty was required in the lower house, but a 2/3 majority in the other chambers to adopt the modification of article 136 TFEU. Four points were finally attributed to those bicameral settings in which extended majorities were required in both chambers and for both treaties (Germany and Spain). The score for constitutional requirements thus ranges from 0 to 4.

The role of second chambers cannot be analysed in more detail here. In some parliamentary settings second chambers only possess delaying powers (for instance in Ireland or France), while they can also be crucial veto players in others (such as in Germany). This shortcoming will be addressed by first, interpreting the data from this section with caution and second, by addressing the special role of (some) second chambers in the case studies in more detail (see C.2). Table 12 lists the constitutional requirement to ratify the ESM treaty.

Table 12: Constitutional requirements to ratify the ESM treaty and article 136 TFEU

Points	Requirements	Country
4	Very strong	Germany, Spain
3	Strong	Austria
2	Medium	Belgium, France, Ireland, Italy, Netherlands
1	Moderate	Luxembourg ⁷⁷ , Estonia, Slovakia ⁷⁸
0	Weak	Cyprus, Finland, Greece, Latvia, Malta, Portugal, Slovenia

Source 20: Own presentation.

Overall, bicameral systems score automatically higher than unicameral ones since both parliamentary chambers ratified both proposals. However, this is fair categorization since the number of parliamentary players potentially blocking or slowing down the decision-making processes is higher than in bicameral settings. In five settings (Belgium, France, Ireland, Italy and the Netherlands), medium high constitutional requirements existed to pass the treaties. In seven countries, only simple majorities in one chamber were required, making it difficult for opposition parties to influence the ratification process. In Estonia, Luxembourg and Slovakia absolute majorities were required, making it slightly more difficult to obtain majorities.

⁷⁷ In the Luxembourg political system, a qualified majority is required in order to pass the ESM treaty and the ratification of article 136 TFEU. The stakes are slightly higher than a simple majority vote. Therefore, Luxembourg is attributed 1 point since parliamentary actors have more opportunities to slow down the ratification process.

⁷⁸ The ratification process in Estonia and Slovakia requires absolute majorities. Therefore, Slovakia is attributed one point to account for the slightly higher opportunities of parliamentary actors to slow down the ratification process.

B.4.1.5 Preliminary results

All the data presented in this section presents indicators to measure the four variables outlined in section B.2. The data for these independent variables serve as proxies. The majority of the indicators is quantitatively assessed; other indicators have additionally been informed by qualitative assessments. The next sub-chapter will calibrate the data in order to make use of it for the fsQCA.

B.4.2 Calibration of Data

The calibration of the data is a necessary precondition to apply fsQCA (see chapter B.3.1 for a detailed explanation). The idea behind the calibration process is to attribute cases a membership score in a given set. In a conventional statistical analysis, a researcher is likely to measure, for instance, the GDP per capita on a metric scale. In QCA, GDP per capita is measured as a proxy for a given set, for instance to assess the set of ‘rich countries’. The ‘richness of a country’ is a verbal expression of the idea ‘rich country’. A QCA researcher asks in how far a country is ‘fully in’, ‘mostly in’, ‘more out than in’, etc. in a given set.

Table 13: Example for a verbal description of fuzzy-set membership scores

Fuzzy value	The element is...
1	Fully in
0.9	Almost fully in
0.8	Mostly in
0.6	More in than out
0.5	Crossover: neither in nor out
0.4	More out than in
0.2	Mostly out
0.1	Almost fully out
0	Fully out

Source 21: Adapted from Ragin 2000:156, quoted in (Schneider, Wagemann 2013: 29).

Table 13 introduces the general logic of this calibration process. Fuzzy values are used as “linguistic qualifiers”, helping to connect quantitative assessments with natural language (Schneider, Wagemann 2013: 31). Every fuzzy value therefore relates to a certain qualitative idea. The researcher has a specific concept for countries that are ‘fully in’ or ‘almost fully in’ the set of rich countries. Thresholds assessing the degree of membership can vary, as the table demonstrates. No fixed default exists of how many thresholds are appropriate; based on the empirical evidence at hand, it is up to the researcher to set meaningful thresholds. Linguistic

qualifiers thus combine empirical data and substantial, theoretical ideas. If appropriate, this allows neglecting quantitative differences within groups.⁷⁹

B.4.2.1 Dependent Variable: Parliamentary ESM Participation Rights

In B.1, I inductively derived five categories for parliamentary involvement in ESM affairs. A group of parliaments had quasi-veto powers (Estonia, Finland, Germany and the Netherlands), one parliament had partial veto-powers (Austria), four parliaments had a consultative or political role (France, Italy, Latvia and Spain) and a fourth group had some information rights that were written down (Ireland, Luxembourg, Malta, Portugal and Slovenia). The remaining parliaments were not formally involved in the ESM decision-making procedures (Belgium, Cyprus, Greece and Slovakia). To account for these differences, the set of parliaments participating in ESM affairs needs to have five thresholds. I will not assign any parliament the fuzzy value 1, i.e. being ‘fully in’ the set of parliaments participating in ESM affairs. As argued in section B.1, every accompanying regulation defines (minor) exceptions from the rule of full parliamentary involvement. In case of urgency, it is theoretically possible to circumvent parliamentary involvement – even if this is not likely in practice. Also, the accompanying provisions define circumstances under which a parliamentary committee can take decisions on behalf of the plenary. Full parliamentary involvement would require that the plenary is involved in *all* decision related to the ESM. In the absence of empirical evidence for that case, no parliament will receive the value 1, e.g. being ‘fully in’ the set of parliaments participating in ESM affairs. I assign the ‘quasi-veto powers’ the fuzzy value 0.9. Apart from the exceptions mentioned above, these parliaments decide not only on every sovereign aid package, but can also decide on the release of financial tranches therein. Although there are some differences in between the cases (for instance with regard to which parliamentary body takes the decision), these four parliaments linguistically count as ‘quasi-veto powers’ which formally influence all major decisions within the ESM framework. They are ‘almost fully in’ the set of parliaments participating in ESM affairs. I assign the fuzzy-value 0.8 – ‘mostly in’ –

⁷⁹ To give an example: the GDP per capita in 2013 for Qatar (\$ 93.352) and Norway (\$100.819) can both receive the fuzzy value 1 and be classified as being fully in the set of rich countries, despite their quantitative differences (see World Bank 2014). Such a distinction makes sense if the researcher compares them to countries with a much lower GDP per capita, for instance with Croatia (\$13.530) or the Czech Republic (\$18.861). If the researcher wants to test whether rich countries have higher expenditures for development aid, the quantitative differences between Norway and Qatar can indeed be irrelevant for the theoretical argument. If the analysis, however, focuses on rich countries only – such as Switzerland (\$80,528) and Luxembourg (\$111.162) – it might be necessary to account for the quantitative differences between Norway and Qatar. A different empirical basis can thus alter the theoretical classification. In that case, Norway and Qatar might be classified as being ‘almost fully in’ the set of rich countries, while Luxembourg is now the only case that is ‘fully in’ the set of rich countries. The classification varies, depending on the research interest and the empirical data at hand. If substantially justified, such a calibration process is closer to the use of concepts in our every-day language.

to the parliaments with partial veto powers. The Austrian Nationalrat is the empirical evidence at hand which takes a vote on sovereign aid packages, but not necessarily on the release of tranches therein. The fuzzy-value is close to the one of ‘quasi veto-powers’. It indicates that it has decisive decision-making powers although slightly lower than the groups of parliaments mentioned above.

Table 14: Fuzzy set calibration independent variable

Fs-Value	Linguistic Qualifier	Countries
1	Fully in	None
0.9	Almost fully in; quasi-veto power	Estonia, Finland, Germany, Netherlands
0.8	Mostly in; partial veto power	Austria
0.4	Still more in than out, consultative role	France, Italy, Latvia, Spain
0.1	Almost fully out; minimal information rights	Ireland, Luxembourg, (Malta), Portugal, Slovenia
0	Fully out; no formal role	Belgium, Cyprus, Greece, Slovakia

Source 22: Own presentation.

I assign the fuzzy-value 0.4 – which is more out than in of the set of participating parliaments in ESM affairs – to those parliaments which have a consultative or political role in the decision-making process. I purposefully chose a huge gap in the fuzzy value between parliaments with ‘partial veto powers’ and those with a ‘consultative role’ since there is a huge qualitative difference between these two cases. FsQCA allows reflecting these qualitative differences by defining the respective thresholds accordingly. The parliaments are not legally empowered to take a formal vote on sovereign aid packages, nor could they legally prevent their government representative from taking a decision. In these settings, ESM decision-making is legally dominated by the executives. Despite their political involvement, these chambers play (legally) a rather marginal role. This huge qualitative difference between the first two groups and the remaining three has been outlined in detail in section B.1 and is captured in the calibration process. I assign the fuzzy value 0.1 to those parliaments which possess minimal information rights regarding ESM decision-making (which are formally written down). There are differences between the countries, i.e. whether a government informs the parliament with bi-annual or trimestral reports, or whether a government generally informs the parliament in the forefront of meetings of the ESM Board of Governors. What these parliaments have in common, however, is that they do not take a vote on sovereign aid packages, the release of tranches therein and are not formally consulted as a precondition for the government representatives to take a decision. Nonetheless, statutory

provisions attribute them minimal information rights. These parliaments are ‘almost fully out’ of the set of parliaments participating in ESM affairs. Lastly, I assign the value zero to those parliaments that are not at all involved in the daily ESM decision-making procedures. As argued in section B.1, parliamentarians or political party groups can of course request information from their government. In almost every political setting MPs or political party groups can ask questions to the government to which these must respond. Also, the classification does not make any statement about possible informal channels with which these parliaments might influence the government representative in the ESM Board of Governors. However, these channels of influence are not formalized. The parliaments with no formal role in ESM decision-making are thus classified as being ‘fully out’ of the set of parliaments participating in ESM affairs. The calibration of the dependent variable allows classifying groups of parliaments in qualitatively similar groups although minor quantitative differences in-between each group exist.

This process goes along with a loss of information; however, it also reduces the complexity of the empirical phenomenon. The thresholds indicate the qualitative differences between the five groups. These numbers do of course not exist ‘objectively’ in reality. They are constructed, based on empirical and theoretical justifications. The advantage of this process is that the qualitatively different groups of parliaments can quantitatively relate to each other. The calibrated data is the basis for the empirical analysis in chapter C.

B.4.2.2 Independent Variables

The following sub-section calibrates the four independent variables: the macro-economic situation of a country, Euroscepticism, formal prerogatives in EU affairs and political and constitutional requirements to ratify the ESM treaty. As shown above (see B.4.1), these variables are partly composed of different indicators and must therefore be summoned up before calibration.

B.4.2.2.1 Calibration: Macro-economic Situation

As outlined above, the macro-economic data consist of eight different indicators (see B.4.1.1) representing numerous long-, medium and short-term assessments of the macro-economic situation of a country. Only the combination of these indicators allows arriving at a robust measurement of the *overall* macro-economic situation of a country. All indicators contribute equally to this robust measurement. However, numbers for the eight indicators cannot simply be added up since they are measuring different data on different scales.

In a first step, eight rankings were conducted assessing the performance of Eurozone Member States for each category. The rankings range from 1 to 18, with the exception of the interest

rates for ten-year government bonds (since no data was available for Estonia which did not issue ten-year government bonds in this time period). In a second step, the average rank for all eight indicators has been calculated. This information can be found in the tenth column of Table 15. The table already orders the countries. Luxembourg, for instance, comes first or second in six out of the eight rankings while it has an average ranking regarding the GDP growth or the competitiveness index. Greece comes last or second last in seven out of eight indicators, scoring above average only regarding the GDP per capita.

Table 15: Calibration macro-economic variables

Country	Gov./ Debt Ratio	Gov./ Deficit Ratio	Credit Rating	Interest Rates	GDP per capita	Unemployment	GDP Growth	Competitiveness Index	Total	Fuzzy Set
Luxembourg	2	1	1	2	1	2	10	5	3,00	0.9
Germany	9	1	1	1	7	3	6	4	4,00	0.9
Finland	5	5	1	3	5	7	12	1	4,88	0.9
Austria	11	6	5	5	4	1	5	3	5,00	0.9
Netherlands	7	10	1	4	2	4	11	2	5,13	0.9
Estonia	1	3	9	n/a	17	10	2	8	7,14	0.7
Belgium	14	11	7	7	6	6	8	6	8,13	0.7
France	13	13	5	6	8	9	7	7	8,50	0.7
Malta	8	8	13	8	14	5	3	14	9,13	0.7
Slovenia	6	9	8	11	13	8	15	11	10,13	0.4
Latvia	3	4	16	10	18	15	1	15	10,25	0.4
Slovakia	4	12	10	9	16	13	4	17	10,63	0.4
Ireland	15	16	15	15	3	14	9	9	12,00	0.2
Italy	16	7	12	13	9	11	16	16	12,50	0.2
Cyprus	10	15	14	14	11	12	14	13	12,88	0.2
Spain	12	18	11	12	10	18	13	12	13,25	0.2
Portugal	17	14	17	16	15	16	17	10	15,25	0
Greece	18	17	18	17	12	17	18	18	16,88	0

Source 23: Own compilation. The numbers indicate the ranking for each of the eight indicators to assess the macro-economic performance of Eurozone countries. The data and sources are indicated in the text, see chapter B.4.1.1.

Such a ranking does necessarily neglect qualitative differences in between certain groups. This is, of course, a shortcoming and must be acknowledged when the data is interpreted. However, the calibration into fuzzy sets values does not aim for an absolute precise description of the economic performance of a country. As outlined above, there is not one single indicator that could precisely describe the economic situation of a country. Each individual measurement has strengths and weaknesses. The idea of the fuzzy set calibration is to develop qualitative groups of countries which allow an assessment about the degree to

which a country is in the group of 'economically strong' countries. The ranking in Table 15 must therefore be understood as a proxy for the macro-economic situation of a country.

In order to increase the robustness of the ranking, individual variables were either left out or given double weight (such as the two Maastricht criteria or the credit ratings). These changes did not significantly affect the ranking developed above.⁸⁰

The first five countries (Luxembourg, Germany, Finland, Austria and the Netherlands) were attributed the fuzzy set value 0.9, meaning that they are almost completely in the set of economically strong countries. Each of these countries performs best in at least one of the eight indicators presented above and there is at most one indicator in which these countries have a below average performance.

I attribute Estonia, Belgium, France and Malta the value 0.7 meaning that they are more in than out of the set of economically strong countries. In most cases, these countries perform better than the European average. Their aggregated ranking ranges between 7.14 and 9.13 and forms a distinguishable group from the remaining countries.

Slovenia, Latvia and Slovakia receive the value 0.4 meaning that they are slightly more out than in the group of economically strong Eurozone countries. Although Latvia performs well regarding the two Maastricht criteria and the annual GDP growth, it scores low regarding other indicators. The three countries have an aggregated ranking between 10.13 and 10.63 and do equally form a distinguishable group from the other countries.

Ireland, Italy, Cyprus and Spain have aggregated rankings between 12 and 13.25. They receive the fuzzy set value 0.2 meaning that they are more out than in the group of countries that are economically strong. All these countries suffer from a high unemployment rate and a low credit rating. Only Ireland performs above average regarding the GDP per capita.

Greece and Portugal do both not have a single indicator in which they perform better than the European average. They are attributed the fuzzy value 0 meaning that they are completely out of the set of economically strong Member States.

The classification is inductively derived and based on the empirical evidence at hand. The fuzzy values are an enormous simplification of the economic reality of these countries. Nonetheless, they adequately reflect the macro-economic situation of Eurozone countries in

⁸⁰ Also, I alternatively calculated the range of each indicator in percentages: the best performing number in a given indicator (for instance Estonia's low public government debt ratio of 9.7%) was calculated as 100% and the worst performing number (in this case Greece's public debt level) was calculated as 0%. The numbers of all other Eurozone countries were ranked accordingly within this range. Such a measurement allows taking into account qualitative differences regarding each single indicator. However, even if the overall indicator was calculated based on percentages, this did not significantly alter the ranking eventually derived. I therefore opted for the ranking outlined in Table 15 which approximates the macro-economic performance of Eurozone Member States sufficiently and is based on rather lean calculations. This ranking is thus used to develop the respective fuzzy set values.

2012: all countries receiving financial assistance from any European bailout mechanism are attributed the fs-values 0 or 0.2. The only non-bailout country in this group is Italy, reflecting that it was also at the brink of default in the 2010-2012 period.

B.4.2.2.1 Calibration: Eurosceptical attitudes

The variable measuring Euroscepticism is derived from two different indicators: public Euroscepticism (measured with data from the Eurobarometer) and party Euroscepticism, measured with the Chapel Hill index (see B.4.1.2). I will give the party Euroscepticism double weight. Eurosceptical parties have more efficient means at their disposal to influence ESM policy-making. They can – as argued above – hold governments publicly accountable on ESM matters. And they pose a threat to mainstream parties should they increase attention for the ratification of the ESM treaty. In order to combine both indicators, the country with the highest value receives 100%, the country with the lowest value 0% in the respective category. The other countries range in between these two points. The values for party and public Euroscepticism are then added up and divided by two. The fuzzy set values thus reflect the range of Eurosceptical sentiments in Eurozone countries.

With the exception of Ireland, public Euroscepticism is pronounced in those countries that requested financial assistance. However, also some of the ‘Northern’ donor countries, especially Austria, Finland and the Netherlands, show high levels of Eurosceptical attitudes, both on a public and party based level. The strongest level of Euroscepticism can be found in Greece with 97.44%. It will receive the value 1 and is fully in the set of Eurosceptical countries. Austria (79.69%) receives the value 0.9, while the Netherlands and Finland (between 63 and 68%) receive the value 0.8. Both countries score quite high (especially regarding party Euroscepticism). Cyprus (58.62%) receives the value 0.6. Its level of public Euroscepticism is high while party Euroscepticism is less distinct. Only these five countries have values above the cross-over point of 0.5. The fuzzy values reflect that Euroscepticism is only expected to impact on parliamentary prerogatives in ESM affairs if it is distinctively expressed. Portugal and Italy (43.86% and 48.14%) receives the value 0.4. They are more out than in the set of Eurosceptical countries. Especially in Portugal, a huge gap between party and public Euroscepticism can be observed. Four countries receive the value 0.3: France (35.58%), Germany (35.49%), Slovakia (36.62%) and Slovenia (35.11%). Another group of four countries receives the value 0.2, namely Belgium (24.97%), Ireland (28.93%), Latvia (29.36%) and Spain (29.61%). The last group of countries contains Malta (8.12%), Luxembourg (9.53%) and Estonia (10.53%). According to the data at hand, Euroscepticism in these countries hardly exists. They receive the value 0.1.

Table 16: Fuzzy set values based on Eurosceptical attitudes

	Range Chapel Hill Index	Range Public Euroscepticism	Total	Fuzzy Value
Greece	100%	92.31%	97.44%	1.0
Austria	70.18%	98.72%	79.69%	0.9
Netherlands	88.07%	30.77%	68.97%	0.8
Finland	63.51%	64.10%	63.71%	0.8
Cyprus	49.47%	76.92%	58.62%	0.6
Italy	52.98%	38.46%	48.14%	0.4
Portugal	15.79%	100%	43.86%	0.4
Slovakia	42.11%	25.64%	36.62%	0.3
France	31.58%	43.59%	35.58%	0.3
Germany	41.05%	24.36%	35.49%	0.3
Slovenia	30.88%	43.59%	35.11%	0.3
Spain	20.70%	47.44%	29.61%	0.2
Latvia	27.37%	33.33%	29.36%	0.2
Ireland	27.37%	32.05%	28.93%	0.2
Belgium	29.12%	16.67%	24.97%	0.2
Estonia	15.79%	0.00%	10.53%	0.1
Luxembourg	5.96%	16.67%	9.53%	0.1
Malta	0.00%	24.36%	8.12%	0.1

Source 24: Own compilation. Sources are indicated in the text.

As mentioned above, the fuzzy set calibration allows giving Eurosceptical attitudes above the cross-over point of 0.5 a higher fuzzy-set value than a metric scaling would suggest. This accounts for the theoretical consideration that Euroscepticism is only expected to have an impact if it is distinctively pronounced (see again B.2.2).

B.4.2.2.2 Calibration: Formal Prerogatives

Formal prerogatives in EU affairs are measured by two indicators: one ranking was developed within the OPAL framework, the other was one was developed by Karlas. Both have already been transformed into a ranking ranging from 0 to 100% (see again B.4.1.3). The two indicators can thus be summoned up in order to calculate their average. Finland has the highest combined value (77.42%) while Belgium receives the lowest value with 20.34%. The calibration process will also be informed by the knowledge I acquired throughout the data gathering process.

Table 17: Fuzzy set values for formal prerogatives in EU affairs

	OPAL Index	Karlas Index	Combined Index	Fs-Value
Finland	84.00%	70.83%	77.42%	0.8
Estonia	67.00%	70.83%	68.92%	0.8
Germany	78.00%	58.33%	68.17%	0.8
Slovenia	60.00%	62.50%	61.25%	0.7
Netherlands	66.00%	54.17%	60.09%	0.7
Latvia	53.00%	54.16%	53.58%	0.6
Austria	51.00%	54.17%	52.59%	0.6
Slovakia	49.00%	54.17%	51.59%	0.6
France	55.00%	45.83%	50.42%	0.4
Italy	46.00%	45.83%	45.92%	0.4
Malta	46.00%	20.83%	33.42%	0.1
Luxembourg	40.00%	23.00%	31.50%	0.1
Portugal	43.00%	16.67%	29.84%	0.1
Spain	40.00%	16.67%	28.34%	0.1
Ireland	39.00%	16.67%	27.84%	0.1
Cyprus	27.00%	20.83%	23.92%	0
Greece	26.00%	16.67%	21.34%	0
Belgium	24.00%	16.67%	20.34%	0

Source 25: Own presentation, see chapter B.4.1.3.

This is the reason why no parliament receives the value 1, being fully in the set of parliaments with strong prerogatives in EU affairs. Although many national parliaments upgraded their parliamentary administrations, established special committees dealing with EU affairs and became partly more attentive of EU affairs, most of them are still latecomers in this process. I assign Estonia (68.92%), Finland (77.42%) and Germany (68.17%) the value 0.8. These parliaments score quite high regarding both indicators. Estonia and Finland have a tradition of rather strong parliaments in EU affairs, while the German parliament was especially strengthened by decisions of the German Constitutional Court in recent years.

I attribute Slovenia (61.25%) and the Netherlands (60.09%) the value 0.7 while Austria (52.59%), Latvia (53.58%) and Slovakia (51.59%) receive the value 0.6. Especially the latter three are borderline cases since they are only slightly above the cross-over point of 0.5. Evidence from the literature suggest that Austria is formally quite strong in EU affairs, but is not making extensive use of its formal prerogatives (Pollak, Slominski 2003). And although Latvia already established a European Affairs Committee in 1995 and thus long before its accession to the European Union, the Committee is regarded as rather low profile within

parliament. These eight countries have nonetheless a fuzzy value above the cross-over point of 0.5 and are expected to be capable of exercising some influence in EU affairs. Some of the newcomer countries have incorporated stronger formal prerogatives in EU affairs by adapting existing systems from founding Member States. Discussions on EU formal prerogatives have also been influenced by the decisions of the German Constitutional Court. This justifies putting these parliaments above the cross-over point although the values will be interpreted with care. France (50.42%) and Italy (45.92%) both receives the value 0.4. Although France's score is relatively close to that of Slovakia and slightly above the cross-over point, the traditional executive dominance in the French political system as well as interview evidence with the OPAL network makes it more reasonable to attribute France a value below the 0.5 threshold. Ireland (27.84%), Luxembourg (31.50%), Malta (33.42%), Portugal (29.84%) and Spain (28.34%) receive the value 0.2. They neither possess strong information rights nor can they give binding mandates to their minister in EU negotiations. Finally, Belgium (20.34%), Cyprus (23.92%) and Greece (21.34%) receive the value 0.1 since they possess hardly any formal prerogatives to influence EU affairs.

B.4.2.2.3 Calibration: Political and Constitutional Requirements

As outlined above, the political and constitutional requirements to ratify the ESM treaty are based on two different indicators: the parliamentary majorities in first chambers as well as constitutional requirements to ratify the ESM treaty. The data for Cyprus and Italy concerning the *political requirements* will not be used for the calibration process (see arguments in section B.4.1.4). At the time of the ESM ratification, these countries had either unity governments or a strong presidential system which did not require large parliamentary support for the ratification of the treaty. For these two countries, only information on the constitutional requirements to ratify the ESM treaty is used. Without the data for Cyprus and Italy, the maximum range of the seat share in the parliaments under investigation had been between the Netherlands (50.66%) and Ireland (68.07%).⁸¹ The data on *constitutional requirements* to ratify the ESM treaty has already been measured in five categories (see again Table 12). The values have been summoned up and divided by two. Both indicators were thus assigned an equal value.

⁸¹ This maximum range (17.41%) was divided into five equally large groups (3.48 percentage points each). The countries in which the government had the closest majority in the first chamber were Estonia (51.49%), Germany (53.38%), Greece (53.33%), Malta (50.72%), the Netherlands (50.66%) and Spain (53.14%). They were attributed the value 4, indicating that it was politically difficult to secure own governmental majorities to ratify the ESM treaty. The largest majorities have been in Ireland (68.07%) and Luxembourg (65%). They were attributed the value 0 indicating that it was rather easy to secure own parliamentary majorities. The values for the remaining countries have been assigned accordingly.

Table 18: Fuzzy values for const. and pol. requirements to ratify the ESM Treaty

	Constitutional Requirements	Political Requirements	Combined Measurement	Fuzzy Value
Germany	4	4	4	1
Spain	4	4	4	1
Netherlands	2	4	3	0.8
Austria	3	2	2.5	0.6
Belgium	2	1	2.5	0.6
France	2	3	2.5	0.6
Estonia	0	4	2	0.4
Greece	0	4	2	0.4
Malta	0	4	2	0.4
Italy	2	n/a	2	0.4
Slovakia	1	3	2	0.4
Portugal	0	3	1.5	0.3
Slovenia	0	3	1.5	0.3
Latvia	0	3	1.5	0.3
Ireland	2	0	1	0.2
Finland	0	1	0.5	0.1
Luxembourg	1	0	0.5	0.1
Cyprus	0	n/a	0	0

Source 26: Own presentation, see chapter B.4.1.4.

The combined measurement of the two indicators is interpreted as a proxy to assess the political and constitutional requirements necessary to ratify the ESM treaty. Germany and Spain have the combined value of 4 which is translated into a fuzzy set value of 1. Germany and Spain have been fully in the set of countries with high political and constitutional requirements to ratify the ESM treaty. There is no country with a value of 3.5, but the Netherlands have a value of 3 which is translated into a fuzzy value of 0.8. A fuzzy value of 0.6 is attributed to countries with a combined value of 2.5 (Austria, Belgium and France). The only bicameral systems with a fuzzy value lower than the 0.5 threshold are Ireland (with a rather weak Senate and a very strong governmental majority in the first chamber), Italy (for which the huge majority in both chambers at the time of ratification was not considered) and Slovenia. With these deviations in mind, it is logical that bicameral systems have higher constitutional requirements to adopt international treaties than unicameral ones; this is reflected in the respective fuzzy values.

A fuzzy value of 0.4 was attributed to those countries with a combined value of two (Estonia, Greece, Italy, Malta, Slovakia); 0.3 for countries with a combined value of 1.5 (Latvia,

Portugal and Slovenia); 0.2 for countries with a combined value of 1 (Ireland); 0.1 for those with a combined value of 0.5 (Finland and Luxembourg) and finally a fuzzy set value of 0 for countries with a combined value of 0 (Cyprus).

C. Empirics: Parliamentary Involvement in ESM Affairs

The empirical part of this thesis is divided into two main sections. First, a fuzzy set qualitative comparative analysis is conducted (see C.1). It serves to identify sufficient and necessary conditions explaining strong and weak parliamentary involvement in ESM affairs. A second objective is to identify potential outliers, i.e. cases that cannot be sufficiently explained with the theoretical arguments (see B.2) or the empirical data at hand (see B.4). Second, these outliers will be further analysed in qualitative case studies (see C.2). These case studies are informed by interview evidence, an extensive review of secondary literature on the respective parliamentary settings as well as documented information on the parliamentary ratification process of the ESM treaty. The guiding question for both parts is: why have some parliaments adopted strong ESM participation rights and others have not?

Chapter C.1 conducts the fsQCA and is divided in two broad sections. The first part analyses strong parliamentary involvement in ESM affairs (C.1.1) while the second one analyses weak parliamentary involvement (C.1.2). The occurrence and non-occurrence of the outcome requires two separate empirical analyses (more on this below). Both of these sections consist of three parts. First, the four independent variables (derived in chapter B.2) are tested separately. To what extent does their presence or absence account for strong, respectively weak, parliamentary involvement in ESM affairs? Second, the fsQCA is applied to formally analyse the truth tables. The guiding question is: which combination(s) of condition(s) is sufficient to explain strong or weak parliamentary involvement in ESM affairs? Third, the process of the so-called logical minimization is conducted to manually to address some of the shortcomings of the algorithm application and to identify necessary conditions of the outcome. The guiding question is: which particularities arise in specific cases that must be interpreted differently?

The insights of the fsQCA inform the selection of case studies that will be conducted in chapter C.2. To conduct the fsQCA, all data is first summarized in a table (see Table 19). It contains all gathered data from the chapter B.4.2.

Table 19: Calibrated dependent and independent variables

	Y	y	A	a	B	b	C	c	D	d
Austria	0.8	0.2	0.9	0.1	0.9	0.1	0.6	0.4	0.6	0.4
Belgium	0.0	1.0	0.7	0.3	0.2	0.8	0.1	0.9	0.6	0.4
Cyprus	0.0	1.0	0.2	0.8	0.6	0.4	0.1	0.9	0.0	1.0
Estonia	0.9	0.1	0.7	0.3	0.1	0.9	0.8	0.2	0.4	0.6
Finland	0.9	0.1	0.9	0.1	0.8	0.2	0.8	0.2	0.1	0.9
France	0.4	0.6	0.7	0.3	0.3	0.7	0.4	0.6	0.6	0.4
Germany	0.9	0.1	0.9	0.1	0.3	0.7	0.8	0.2	1.0	0.0
Greece	0.0	1.0	0.0	1.0	1.0	0.0	0.1	0.9	0.4	0.6
Ireland	0.1	0.9	0.2	0.8	0.2	0.8	0.2	0.8	0.2	0.8
Italy	0.4	0.6	0.2	0.8	0.4	0.6	0.4	0.6	0.4	0.6
Latvia	0.4	0.6	0.4	0.6	0.2	0.8	0.6	0.4	0.3	0.7
Luxembourg	0.1	0.9	0.9	0.1	0.1	0.9	0.2	0.8	0.1	0.9
Malta	0.1	0.9	0.7	0.3	0.1	0.9	0.2	0.8	0.4	0.6
Netherlands	0.9	0.1	0.9	0.1	0.8	0.2	0.7	0.3	0.8	0.2
Portugal	0.1	0.9	0.0	1.0	0.4	0.6	0.2	0.8	0.3	0.7
Slovakia	0.0	1.0	0.4	0.6	0.3	0.7	0.6	0.4	0.4	0.6
Slovenia	0.1	0.9	0.4	0.6	0.3	0.7	0.7	0.3	0.3	0.7
Spain	0.4	0.6	0.2	0.8	0.2	0.8	0.2	0.8	1.0	0.0

Source 27: Own presentation, based on information from chapter B.4.2.

C.1 Qualitative Comparative Analysis

To facilitate reading, I rename the different conditions and the outcome: ‘A’ stands for the macro-economic situation, ‘B’ for Euroscepticism, ‘C’ for parliamentary prerogatives in EU affairs and ‘D’ for constitutional and political requirements to ratify the ESM treaty. ‘Y’ stands for the outcome, e.g. for parliamentary participation rights in ESM affairs. Capitals indicate the presence of a condition, while small letters indicate its absence.

Table 20: Renaming of conditions and the outcome

Conditions (Independent Variables)	PRESENCE / absence
Macro-economic situation	A / a
Euroscepticism	B / b
Formal EU prerogatives	C / c
Pol. and const. requirements to ratify the ESM treaty	D / d
Outcome (Dependent Variable)	
Parliamentary Participation ESM affairs	Y / y

Source 28: Own presentation.

These values are necessarily complementary. If Germany receives the value ‘A = 0.9’ – which indicates strong membership in the group economically strong countries – it receives the inverse value ‘a = 0.1’, indicating weak membership in the group of economically weak countries (see again Table 19). To apply a fsQCA, a truth table is conducted in a first step (see Table 21). A truth table is the indispensable device for any QCA, whether crisp or fuzzy set. Each truth table row represents one of the theoretically possible combinations of conditions. Its number is determined by the formula 2^k , while ‘k’ is the number of conditions. Sixteen possible configurations result from the four conditions introduced above (2^4). They are represented in the sixteen columns in Table 21 (see below). Each combination of conditions represents an ‘ideal type’. The truth table allows assessing in which combination of conditions a case (in the example of the thesis the 18 Eurozone Member States) possesses the highest membership score.

A * B * C * D, for instance, is the ideal type for cases in which all four conditions are present simultaneously. Every case possesses at least partial membership in each combination of conditions.⁸² This pattern deviates from the logic of crisp-QCA (see B.3.1.1.1). In crisp-QCA,

⁸² The example of Estonia can illustrate the partial membership scores: in order to test the degree to which Estonia is a member of the set of countries with a strong macro-economic situation (A = 0.7), strong Euroscepticism (B = 0.1), strong formal prerogatives in EU affairs (C = 0.8) and high political and constitutional requirements to ratify the ESM treaty (D = 0.4), Estonia is attributed a value of 0.1 in the combination A*B*C*D. In Boolean algebra, the logical AND operator always measures the “weakest link in the chain” (Schneider, Wagemann 2013: 44ff). The logical AND is only interested in the subset where all conditions are present. Estonia is nearly fully out of the set of countries in which all four conditions are present simultaneously.

the binary coding of conditions results in one ideal type only. FsQCA, by contrast, allows calculating the degree to which a country is a member of a specific ‘ideal type’. There is, however, only *one* combination in which a country has a higher membership score than 0.5. This value is indicated in bold letters in the table. In the following, this value will be interpreted as ‘the’ ideal type for a specific case.

Table 21 presents all possible combinations of conditions for the 18 Eurozone countries. Two conclusions can already be drawn. First, most countries possess partial membership scores in all configurations of conditions. The identification of an ideal type is therefore not always straightforward. This is striking for Italy with a 0.2 or 0.4 membership score in fifteen out of sixteen different combinations, and only one membership score with 0.6 (in the combination $a*b*c*d$). Based on the empirical evidence at hand, Italy is thus a rather ambiguous case. This is different from, for instance, Finland or Luxembourg. Finland has a membership score of 0.8 in the combination of $A*B*C*d$; in all other combinations it receives a value of 0.2 or 0.1 respectively. The ideal case for Finland is thus clearly identifiable. Also Luxembourg evidently belongs to one ideal type only ($A*b*c*d$ with a membership score of 0.8); it has a membership score between 0.2 or 0.1 in all other combinations.

As will be shown later, the degree to which a country belongs to a certain ideal type is an indispensable information to fruitfully interpret the results of the fsQCA. Ambiguous membership scores – which are to some extent inevitable – make the interpretation of the results more challenging and will be treated with special care.

If we assess, however, the degree to which Estonia is a member of the set of countries within a strong macro-economic situation ($A = 0.7$), weak Euroscepticism ($b = 0.9$), strong formal prerogatives in EU affairs ($C = 0.8$) and weak requirements to adopt the ESM treaty ($d = 0.6$), it receives a membership score of 0.6. Estonia’s ideal membership score is thus greatest in the combination $A*b*C*d$ (see Table 21). This membership score is interpreted as the ideal case for Estonia and used for the further analysis.

Table 21: Fuzzy set truth table

Countries	Combination of conditions																	
	Y	y	ABCD	ABCd	ABcD	Abcd	AbCD	AbCd	ABcd	AbcD	aBCD	aBCd	aBcD	aBcd	abCD	abCd	abcD	abcd
Austria	0.8	0.2	0.6	0.4	0.4	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Belgium	0.0	1.0	0.1	0.1	0.2	0.4	0.1	0.1	0.2	0.6	0.1	0.1	0.2	0.2	0.1	0.1	0.3	0.3
Cyprus	0.0	1.0	0.0	0.1	0.0	0.2	0.0	0.1	0.2	0.0	0.0	0.1	0.0	0.6	0.0	0.1	0.0	0.4
Estonia	0.9	0.1	0.1	0.1	0.1	0.2	0.4	0.6	0.1	0.2	0.1	0.1	0.1	0.1	0.3	0.3	0.2	0.2
Finland	0.9	0.1	0.1	0.8	0.1	0.2	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
France	0.4	0.6	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.6	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Germany	0.9	0.1	0.3	0.0	0.2	0.0	0.7	0.0	0.0	0.2	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0
Greece	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.4	0.6	0.0	0.0	0.0	0.0
Ireland	0.1	0.9	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.8
Italy	0.4	0.6	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.6
Latvia	0.4	0.6	0.2	0.2	0.2	0.4	0.3	0.4	0.2	0.3	0.2	0.2	0.2	0.2	0.3	0.6	0.3	0.4
Luxembourg	0.1	0.9	0.1	0.1	0.1	0.8	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Malta	0.1	0.9	0.1	0.1	0.1	0.6	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.3
Netherlands	0.9	0.1	0.7	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Portugal	0.1	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.3	0.4	0.2	0.2	0.3	0.6
Slovakia	0.0	1.0	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.4	0.3	0.3	0.3	0.3	0.4	0.6	0.4	0.4
Slovenia	0.1	0.9	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.6	0.3	0.3
Spain	0.4	0.6	0.2	0.0	0.2	0.0	0.2	0.0	0.0	0.2	0.2	0.0	0.2	0.0	0.2	0.0	0.8	0.0

Source 29: Own presentation, bold letters indicate the respective ideal types. The outcome column refers to the parliamentary participation rights within the ESM.

Second, the table above already gives some indications on necessary (and sufficient) conditions to explain the outcome. Parliaments with strong participation rights in ESM affairs (Y) can all be found on the left side of the table in which countries in a favourable macro-economic situation (A) are situated. The other parliaments (y) are distributed unevenly across the table – although many of them belong to the group of countries which have been in an economically difficult situation (a). This indicates that a strong macro-economic situation of a country can be interpreted as *necessary* for strong ESM participation rights, even if it is *not sufficient* to explain the outcome (Y). No such statement can be made for the outcome (y) since the occurrence and non-occurrence of conditions is distributed unevenly across the table. To interpret these patterns, a fsQCA will be carried out. Charles Ragin developed a software for the application of fs QCA.⁸³ This program is the most often used software to conduct fuzzy set analyses (see among others Kent 2008; Rihoux, Ragin 2009; Schneider, Wagemann 2007) although other statistical programmes (such as STATA, R or Tosmana) equally provide tools for configurational analyses. The software applies the Quine McCluskey algorithm to identify sufficient conditions for an outcome. These sufficient conditions are logically minimized to reduce the complexity of a solution term. In order to interpret the truth table, consistency and coverage thresholds are calculated. Furthermore, the software employs tools to deal with the so-called logical remainders (see especially Kent 2008). Logical remainders are configurations of conditions for which no empirical observation exists (see again B.3.1.1.2). In QCA language, this phenomenon is called *limited diversity* (see Schneider, Wagemann 2013: 119ff). Including logical remainders in the interpretation of the results can reveal additional insights, although the interpretation must be carefully conducted (a good example of the paradoxes of logical remainders is given by Cooper, Glaesser 2011). The following chapter first tests and visualises the explanatory power of each condition (see again B.2) on its own, before it is applied to different combinations of conditions. It starts by interpreting the results for those countries which have rather strong ESM participation rights (see C.1.1) and then analyses the remaining countries (see C.1.2).

⁸³ See: <http://www.u.arizona.edu/~cragin/fsQCA/software.shtml>, last access: 30th January 2015.

C.1.1 Strong Parliamentary ESM Participation Rights

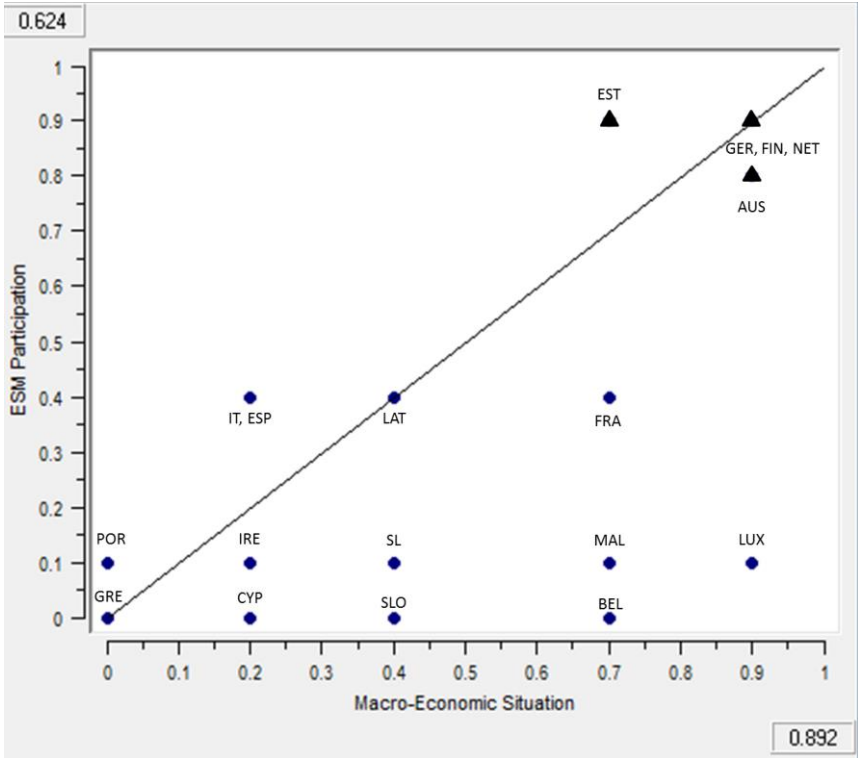
Countries with strong ESM parliamentary participation rights (Y) were those classified as partial or quasi veto powers in chapter B.1. Austria, Estonia, Finland, Germany and the Netherlands belong to this group of countries.

C.1.1.1 Testing Conditions Separately

Macro-economic Situation

The first hypothesis predicted that a good macro-economic situation of a country increases the odds for strong parliamentary ESM participation rights (see B.2.1). Countries in a good macro-economic situation have potentially more to lose should financial guarantees ever become due. Parliamentary involvement is thus regarded as a safety belt to avoid the frivolous issuing of financial aid.

Figure 9: ESM Participation Rights and Macro-Economic Situation



Source 30: Own presentation. The triangles indicate the countries under investigation, i.e. those parliaments with strong ESM participation rights.

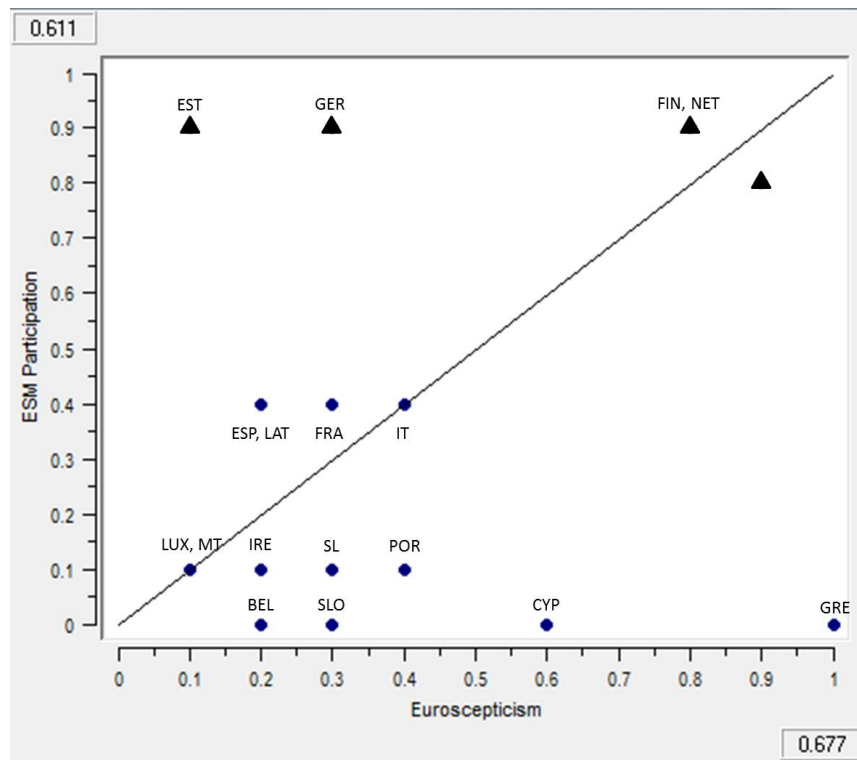
As can be seen in Figure 9, the quasi and partial veto powers can all be found in the upper right corner in the XY plot, indicating a correlation between a good macro-economic situation and strong ESM participation rights. On the reverse, many countries within an unfavourable macro-economic situation can be found in the left bottom corner of the XY plot (indicating the simultaneous presence of a weak macro-economic situation and weak ESM participation

rights). In set theoretic language: countries that belong to the group of Member States with strong ESM participation rights (Y) also belong to the group of countries within a good macro-economic situation (A). However, as the bottom right corner of the XY plot shows, there are a number of countries within a good macro-economic situation which do not belong to the group of parliaments with strong ESM participation rights (Belgium, France, Malta and Luxembourg). The solution term ($A \rightarrow Y$) has a consistency level of only 62.4% (for the calculation of set-theoretic consistency see again chapter B.3.1.1.2). The consistency value resembles the notion of significance in conventional statistical models. In the words of Wagemann and Schneider: “Consistency provides a numerical expression for the degree to which the empirical information deviates from a perfect subset relation” (Schneider, Wagemann 2013: 129). Conventionally, a consistency level lower than 0.75 indicates that a condition (or combination therefore) is not a strong predictor for an outcome. In many analyses, the threshold must even be above 0.85 to be interpreted as sufficient for an outcome (see for instance Freitag, Schlicht 2009). However, the consistency level does not allow interpreting the degree to which a certain condition (or combination thereof) accounts for the instances of an outcome. In fsQCA, this degree is called ‘set-theoretic coverage’ and resembles the notion of R^2 . It measures how well the data fits the statistical model, i.e. *how much* of the outcome is explained by a certain variable. The coverage value of (A) is quite high (89.2%). Countries with strong parliamentary participation rights within the ESM frequently belong to the group of countries within a good macro-economic situation. This indicates that (A) can be interpreted as a necessary, but not sufficient condition for strong parliamentary involvement. It is not sufficient because there are countries within a good macro-economic situation (A) which do not belong to the group of countries with strong ESM participation rights (Y) (most notably Belgium, France, Luxembourg and Malta). A preliminary conclusion thus is that a strong macro-economic situation must be combined with other conditions in order to account for strong ESM participation rights.

Eurosceptical Sentiments

Strong Eurosceptical sentiments alone cannot be interpreted as necessary or sufficient for firm ESM participation rights (see Figure 10). The five quasi and partial veto powers are distributed unevenly across the XY plot, with Austria showing strong levels of Euroscepticism (0.9) and Estonia only modest Eurosceptical sentiments (0.1). The consistency value for this condition is at a relatively low level (61.1%). Although many countries with rather modest Eurosceptical sentiments also have weak parliamentary participation rights in ESM affairs (as the left bottom corner of the XY plot indicates), the effect of Eurosceptical sentiments on the outcome Y is not generalizable. Eurosceptical sentiments are an even weaker predictor of ESM participation rights than the macro-economic situation of a country.

Figure 10: ESM participation rights and Eurosceptical sentiments



Source 31: Own Presentation. The triangles indicate the countries under investigation, i.e. those parliaments with strong ESM participation rights.

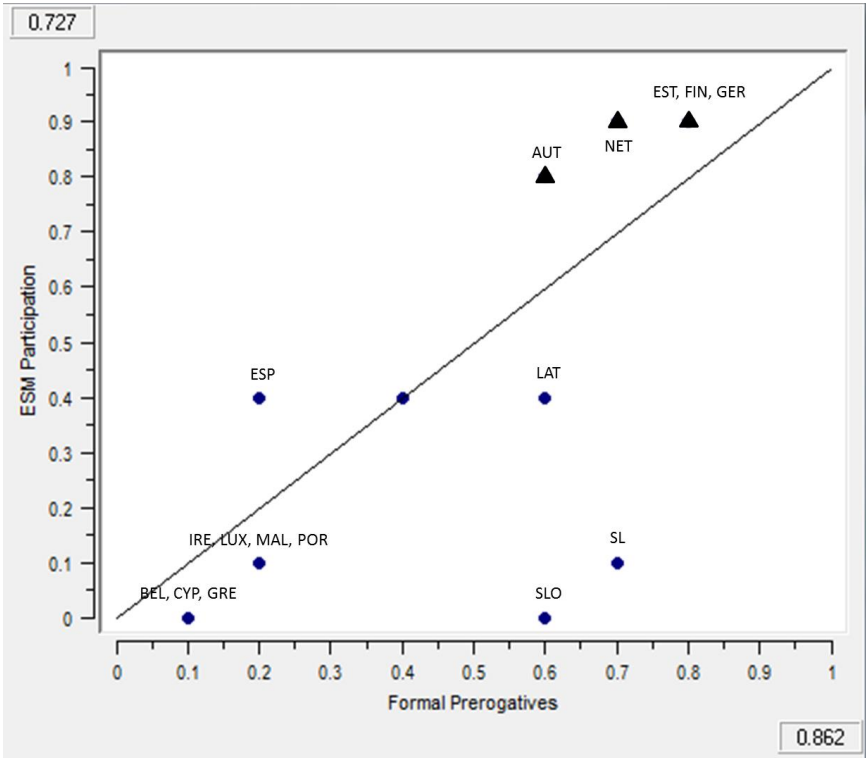
The coverage (67.7%) is significantly lower than for the previous indicator, although the absence of Eurosceptical sentiments seems to facilitate weak parliamentary involvement (this is, however, not the case for Greece in the right bottom corner of the XY plot). Germany and Estonia as well as Greece and Cyprus are the strongest outliers. Germany and Estonia only have modest levels of Eurosceptical sentiments (b), but strong parliamentary participation rights within ESM affairs (Y). Greece and Cyprus show high levels of Eurosceptical sentiments (B), but possess hardly any participation rights in the rescue mechanism (y). The fact that Greece (since 2010) and Cyprus (since 2013) are both programme countries might have impacted on their role in the European Stability Mechanism. It can be hypothesised that parliamentarians in these countries were aware of the fact that they would rather receive than grant financial assistance from the new rescue mechanism. Cyprus had already requested financial assistance from the ESM in June 2012, i.e. before the ratification of the mechanism (see also C.2). However, this still leaves the attitudes of Estonia and Germany unexplained. Why did they opt for strong parliamentary involvement although Eurosceptical sentiments had not been very much pronounced? Or, in QCA language: which other combination of condition(s) has been present to explain their strong parliamentary involvement? The assumption that Eurosceptical sentiments increase the odds for strong parliamentary involvement in ESM affairs must therefore be tested in combination with other conditions. It

cannot be interpreted as a necessary condition accounting for strong ESM parliamentary involvement.

Formal EU Prerogatives

Strong formal EU prerogatives are expected to positively correlate with strong ESM participation rights (see B.2.3). Once stronger formal prerogatives in EU affairs are established, the logic of path-dependency makes it more likely that these prerogatives are transferred to the intergovernmental ESM setting.

Figure 11: ESM participation rights and formal EU prerogatives



Source 32: Own presentation. The triangles indicate the countries under investigation, i.e. those parliaments with strong ESM participation rights.

And indeed, countries with strong formal prerogatives have on average higher ESM participation rights than countries with weak ones (see Figure 11). The consistency value for this solution term alone is at 72.7%. This is still not a very high value, but nonetheless predicts more strongly the outcome Y than the other two conditions. Strong outliers are Slovenia and Slovakia. Slovakia has quite strong formal prerogatives in EU affairs (0.7) but belongs to the group of countries with only minimal information rights within the ESM (0.1) (see again chapter B.1). The Slovenian parliament is also quite influential in EU affairs (0.6), but does not have significant participation rights in the rescue mechanism. Strong formal prerogatives in EU affair can nonetheless be interpreted as a necessary condition since all countries with high values in (Y) also have strong values in (C). The fact that some countries

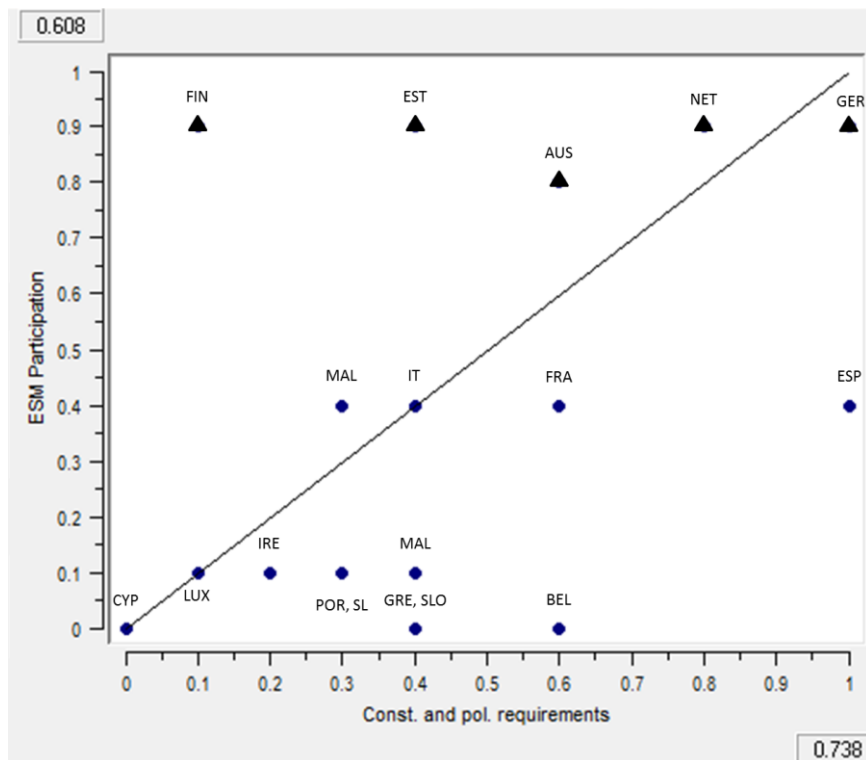
with high values in (C) also belong to the group of parliaments with weak ESM participation rights indicates that strong formal prerogatives – on their own – are not sufficient to explain strong parliamentary involvement in ESM affairs. To reveal the full explanatory power of this condition, strong formal prerogatives need to be tested in combination with other conditions. The question thus is: what distinguishes the Latvian, Slovenian and the Slovakian case from the other five parliaments with strong ESM participation rights? Or, in QCA language: in combination with which (other) condition(s) do strong formal prerogatives in EU affairs impact on ESM participation rights? The coverage for this condition is quite high (with 86.2%). On their own, formal EU prerogatives are so far the strongest predictor of strong parliamentary involvement in ESM affairs.

Political and Constitutional Requirements to Ratify the ESM Treaty

High political and constitutional requirements to ratify the ESM treaty are expected to increase the odds for strong parliamentary ESM involvement. The dependence on opposition votes makes it more likely that these parties demand stronger participation rights in exchange for supporting the entire mechanism. As can be seen in Figure 12, however, this condition is only a weak predictor of strong parliamentary involvement in ESM affairs. Although we find a larger number of countries with a low value for (D) in the bottom left corner of the XY plot (parliaments with weak ESM participation rights), this indicator cannot explain strong ESM involvement since the quasi and partial veto powers are distributed unevenly across the table. Especially Germany (1.0) and Finland (0.1) differ significantly with regard to the political and constitutional hurdles to ratify the ESM treaty. However, they have similar values for the outcome Y. We find empirical cases in every corner of the XY plot which indicates an only weak correlation between the outcome (Y) and the condition (D).

We furthermore find extreme cases: Finland and Luxembourg (0.1) faced similarly low requirements to ratify the ESM treaty, but are very differently involved in ESM affairs. The argument can be made that this hypothesis was formulated in a way that only high political and constitutional requirements to ratify the ESM treaty affect parliamentary involvement, while making no statements concerning low obstacles to pass it (see again B.2.4). Spain and Germany (1.0) had both the highest obstacles to ratify the ESM treaty (see again B.4.1.4), but have different levels of parliamentary involvement in ESM affairs. The consistency of the condition on its own is therefore only at 60.8%, the lowest of all four conditions. Also, the coverage is quite low, with only 73.8%.

Figure 12: ESM participation and constitutional and political requirements



Source 33: Own Presentation. The triangles indicate the countries under investigation, i.e. those parliaments with strong ESM participation rights.

This does not rule out that this condition has explanatory power in combination with other conditions, but it is nonetheless the weakest predictor of parliamentary involvement in ESM affairs. It can thus not be interpreted as a necessary condition accounting for strong ESM involvement.

C.1.1.2 FsQCA Analysis: Combination of Conditions

In order to conduct the combinatorial analysis of the conditions under investigation, a new truth table is compiled with the software in a first step (see Table 22)⁸⁴. The data of the independent and dependent variables is identical with that of Table 19, although the new truth table contains more information and thus looks slightly different:

⁸⁴ Information on the dependent and independent variables was saved in an excel file and uploaded to the software program.

Table 22: Completed truth table for Y

A	B	C	D	Number	Outcome	Raw Consistency
1	1	1	1	2	1	0.8157
1	0	1	1	1	1	0.7692
1	1	1	0	1	1	0.7647
1	0	1	0	1	1	0.6756
0	0	0	1	1	0	0.5813
1	0	0	1	2	0	0.5609
0	0	1	0	3	0	0.5500
1	0	0	0	2	0	0.4565
0	1	0	0	2	0	0.4390
0	0	0	0	3	0	0.4200

Source 34: Information for the truth table is based on Table 19.

The first four columns (A to D) display the four different conditions to be tested. The value 1 indicates that the fuzzy set membership score is above the 0.5 threshold while a 0 indicates that it is below. Although this looks like a binary coding, the program calculates coverage and consistency values with the more fine-grained fuzzy set scores. Column five shows the number of cases that can be explained with a certain combination of conditions. Two cases are, for instance, covered by the solution term $A*B*C*D$ and one case is covered by the solution term $(A*B*C*d)$ etc. (see Table 23). Up to two cases are covered by each solution term.

Table 23: Four most complex solution terms for the outcome Y

Solution term	Countries
$A*B*C*D$	Austria, Netherlands
$A*B*C*d$	Finland
$A*b*C*D$	Germany
$A*b*C*d$	Estonia

Source 35: Own presentation.

Column six indicates whether the outcome is present or not. This column is added manually to the truth table to allow the researcher setting the consistency threshold based on theoretical and empirical considerations. For the first four columns, the outcome has been classified as present. Ideally, the raw consistency scores (column 7) should be higher than 0.75 to make stronger statements about the explanatory power of each combination of conditions. The fact that the threshold is slightly lower in one case necessitates a careful interpretation of the

results. I follow Wagemann and Schneider who emphasize that the choice of a specific consistency threshold should be open to research-specific features (Schneider, Wagemann 2013: 127 ff), taking conventional practices into account without overemphasizing them. The low number of cases (five) makes any generalization challenging, but the detailed case studies in C.2 allow overcoming some of these shortcomings. Empirical evidence exists for ten out of sixteen theoretically possible combinations of conditions; there is thus no empirical evidence for six combinations. This is far from unusual: instances of *limited diversity* increase with the number of conditions. The combinations of conditions without empirical evidence have been manually deleted from the truth table (see Kent 2008: 6).

As can be seen in Table 22 (and also Table 23), four different combinations of conditions lead to the outcome (Y). These four solution terms are called the ‘most complex solution terms’; they are interpreted as being sufficient for the outcome. As such, they are simple descriptions of the empirical reality. The aim of the minimization procedure is to reduce the complexity of these solution terms without violating theoretical or empirical evidence. By applying the Quine McCluskey algorithm, an ‘intermediate solution term’ is derived, which essentially contains the same empirical information as the most complex solution term, but is less complex at the same time. In this procedure, the logical remainders are first excluded from the analysis (see among others Elliott, 2013, p. 7). As a result, the analysis reduces the four most complex solution terms to only one ($A * C \rightarrow Y$).

Table 24: Truth table for the intermediate solution term for Y

	Raw Coverage	Unique Coverage	Consistency
A * C			
Finland (0.8,0.9) ⁸⁵ ,			
Germany (0.8,0.9), Estonia (0.7,0.9), Netherlands (0.7,0.9), Austria (0.6,0.8)	0.80000	0.80000	0.81250
Solution coverage:	0.80000		
Solution consistency:	0.81250		

Source 36: Own presentation.

This solution term is logically equivalent to the four most complex solution terms on which the truth table is based. The four most complex solution terms are still a subset of this *intermediate solution* term; the terms only differ in the degree of their complexity. The

⁸⁵ The value (0.8, 0.9) for Finland indicates the following: The first of these two values (0.8) describes the weakest link between a combination of conditions A*C. Finland’s score in (A) is 0.9 and its score in formal prerogatives in EU affairs (C) is 0.8. The second value (0.9) indicates Belgium’s membership in the outcome (Y).

intermediate solution term indicates that the simultaneous presence of a strong macro-economic situation and strong formal prerogatives in EU affairs are consistent with the presence of strong parliamentary involvement in ESM affairs. The consistency value of the intermediate solution term is around 81.25%⁸⁶. The overall consistency score is higher than for each of the two conditions separately (as shown in Figure 9 and Figure 11). Recalling the outliers in Figure 9, i.e. those countries within a good macro-economic situation but with weak ESM participation rights (Belgium, France, Luxembourg and Malta), the intermediate solution term ($A * C \rightarrow Y$) helps demonstrating that the macro-economic situation alone does not sufficiently account for the outcome ($A \rightarrow Y$).

The same is true for the outliers in Figure 11 ($C \rightarrow Y$), i.e. countries with strong formal prerogatives in EU affairs, but with weak parliamentary participation rights in ESM affairs (Latvia, Slovenia and Slovakia). Although the consistency value is still relatively low, the analysis gives evidence that only a configurational logic of conditions leads to the outcome under investigation. The coverage for the solution term is at around 80.00% and thus relatively high.

With only one combination of conditions leading to the outcome (Y), the intermediate solution term is already parsimonious. This becomes evident when analysing the *most parsimonious solution term* (which includes logical remainders in the analysis). In this procedure, the Quine McCluskey algorithm uses any or all logical remainders⁸⁷ to simplify the solution term. The algorithm hypothesizes an outcome for a combination of conditions for which there is no empirical evidence if this helps simplifying the solution term.

Table 25: Truth table parsimonious for the solution term for Y

	Raw Coverage	Unique Coverage	Consistency
A * C	0.80000	0.80000	0.81250
Solution coverage:	0.80000		
Solution consistency:	0.81250		

Source 37: Own Presentation.

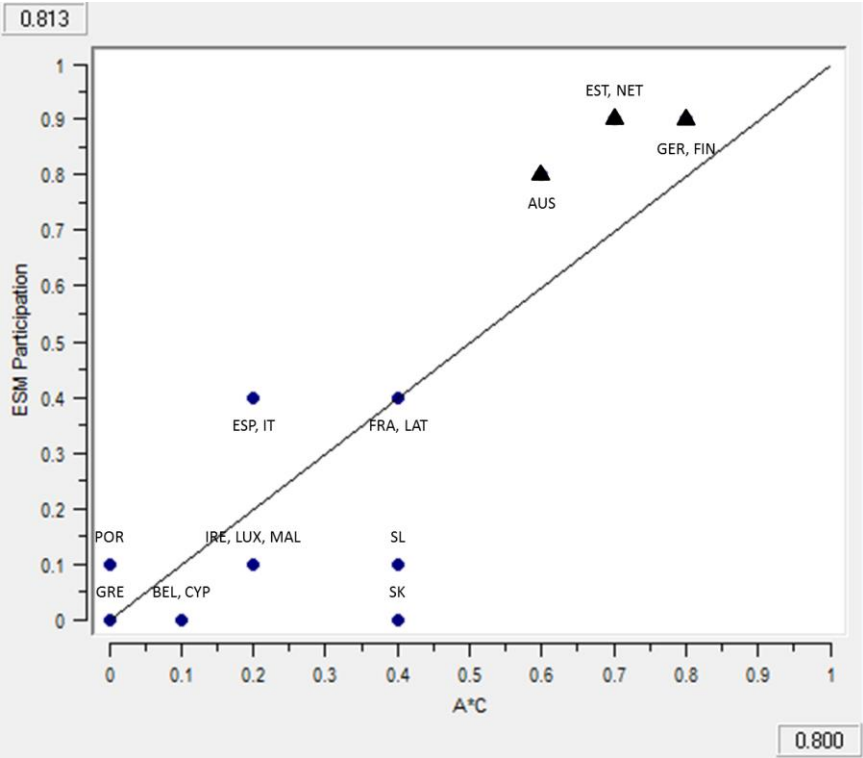
This procedure is disputed because it is not based on empirical evidence. It is a rather “mechanical, atheoretical procedure” (see especially Cooper, Glaesser 2011); the most parsimonious solution term can therefore only be used if the researcher carefully checks whether the inclusion of the hypothetical outcome values does not contradict any empirical or theoretical evidence (Elliott 2013: 8). In this case, the intermediate (see Table 24) and the parsimonious solution terms are identical, i.e. the solution term ($A * C \rightarrow Y$) cannot be simplified any further. The deficiencies of this procedure do thus not have to be addressed.

⁸⁶ Since there is only one solution term, it is identical with the score of the overall solution consistency.

⁸⁷ These truth table rows have not been shown in the presentation Table 22.

Figure 13 graphically shows the solution term ($A * C \rightarrow Y$). The five countries under investigation can all be found above the diagonal while the majority of other countries are below or on the diagonal. There are only minor exceptions: Portugal has slightly higher parliamentary participation rights than the combination of the conditions $A * C \rightarrow Y$ would predict since the Assembleia possesses formalised information rights in the ESM mechanism. The Spanish parliament was involved in the issuing of financial assistance in the third sovereign aid package for Greece although this was no legal requirement (August 2015). And the Italian accompanying ESM provisions foresee that parliamentary bodies must be consulted before the government representative can take a vote in the ESM Board of Governors.

Figure 13: ESM participation and combination of A* C



Source 38: Own Presentation. The triangles indicate the countries under investigation, i.e. those parliaments with strong ESM participation rights.

In conclusion, the solution term that explains best high parliamentary participation rights in ESM affairs is the combination of a good macro-economic situation (A) and strong formal prerogatives in EU affairs (C). To discuss and illustrate the logic of this Boolean minimization procedure, the analysis will be conducted manually in the next paragraph. As advocated by Cooper and Glaesser, such a section serves to make the minimisation procedure more transparent (see Cooper, Glaesser 2011: 1).

C.1.1.3 Manual Interpretation of the Fuzzy Set Truth Table

Four combinations of conditions lead to the outcome ‘strong parliamentary ESM involvement’. These solutions terms are interpreted as sufficient conditions. As stated above, they simply describe the observed empirical reality and do not have a strong added value in terms of generalizations. This is why they are called *most complex solution terms*.

The four solution terms are all characterised by a strong macro-economic situation (A). This is why (A) can be interpreted as a necessary condition for the outcome (Y): whenever the outcome (Y) is present, the condition (A) is present as well. However, also Belgium, France, Luxembourg and Malta have been in a comparatively good macro-economic situation in 2012, but belong to the countries with weak parliamentary involvement in ESM affairs. A good macro-economic condition is thus not sufficient to explain the outcome. In order to reduce the complexity of the solution terms, Boolean algebra is applied. The first two solution terms (Austria, the Netherlands and Finland) have in common that the conditions A, B and C are present. They are both linked to the outcome (Y), but the condition (D) is present in one solution term and absent in the other. Can the same logical truth ($A*B*C*D \rightarrow Y$ and $A*B*C*d \rightarrow Y$) be reformulated in a less complex manner? With logical minimization, the condition (D) is considered logically redundant, i.e. it is interpreted as irrelevant for producing the outcome. The following minimization results:

$$\begin{array}{l}
 \mathbf{1. A*B*C*D} \qquad \qquad \qquad + \mathbf{A*B*C*d} \rightarrow \mathbf{Y} \\
 \text{(Austria, Netherlands)} \qquad \qquad \text{(Finland)} \\
 \downarrow \qquad \qquad \qquad \swarrow \\
 \mathbf{2. A*B*C} \qquad \qquad \qquad \rightarrow \mathbf{Y} \\
 \text{(Austria, Finland, Netherlands)}
 \end{array}$$

The omission of a logically redundant condition allows merging two solution terms into a simpler sufficient conjunction of conditions. With the empirical evidence at hand, high or weak political and constitutional requirements to ratify the ESM treaty do not seem to account for differences in parliamentary ESM involvement.⁸⁸ According to the new simplified solution term, strong parliamentary involvement in ESM affairs in Austria, Finland and the Netherlands requires a strong macro-economic situation *in combination with* strong Eurosceptical sentiments *and* strong formal EU prerogatives.⁸⁹

⁸⁸ As indicated in chapter B.4.2.2.2, however, the fs-values for Austria’s formal prerogatives in EU affairs (C) should be interpreted with caution since Austria was only slightly above the 0.5 threshold.

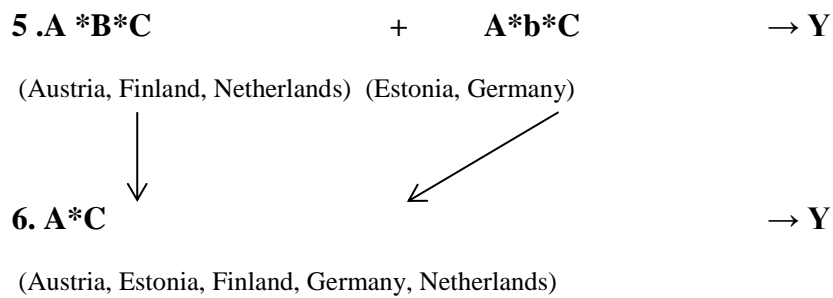
⁸⁹ Due to the lack of empirical evidence, it is not possible to assess whether a strong macro-economic condition in combination with only strong Eurosceptical sentiments *or* only strong prerogatives in EU affairs would have

The two remaining solution terms describe the combination of conditions leading to strong ESM involvement in Germany and Estonia. Germany ($A*b*C*D$) and Estonia ($A*b*C*d$) have similar values for their macro-economic situation (A), their degree of Eurosceptical sentiments (b) and formal prerogatives in EU affairs (C). They differ, however, with regard to the political and constitutional requirements to ratify the ESM treaty. These two solution terms can be equally simplified by using Boolean algebra.

$$\begin{array}{lcl}
 \mathbf{3. A*b*C*D} + & \mathbf{A*b*C*d} & \rightarrow \mathbf{Y} \\
 \text{(Germany)} & \text{(Estonia)} & \\
 \downarrow & \swarrow & \\
 \mathbf{4. A*b*C} & & \rightarrow \mathbf{Y} \\
 \text{(Estonia, Germany)} & &
 \end{array}$$

Again, the presence or absence of strong political and constitutional requirements to ratify the ESM treaty is interpreted as logically redundant. There are two possible explanations for this. First, the variable only measures the *formal* political and constitutional requirements to ratify the treaty. It was impossible to receive comparable quantitative data on the degree of political contestation within the different parliaments to ratify the treaties (although qualitative information for some countries has been collected and will be used in the case studies, see chapter C.2). The second explanation is that the fourth guiding assumption (see B.2.4) is simply falsified. Other conditions determine parliamentary involvement more strongly than political and constitutional requirements to ratify the ESM treaty. And the consistency and coverage values for D on their own were indeed the lowest of all conditions tested in C.1.1.1. The two new simplified solutions terms (2 and 4) can again be minimized. So far, strong parliamentary ESM involvement in Austria, Finland and the Netherlands was interpreted with the formula ($A*B*C* \rightarrow Y$), while it was interpreted with the formula ($A*b*C \rightarrow Y$) for Estonia and Germany. In both cases – and given the empirical evidence at hand – the absence or presence of Eurosceptical sentiments does not seem to affect the outcome ‘strong parliamentary involvement in ESM affairs’. It is equally interpreted as logically redundant.

been sufficient to explain strong involvement in ESM affairs. Theoretically, there is reason to assume that the presence of Eurosceptical parties in a macro-economically strong country could also impact on parliamentary participation rights in ESM affairs, even if formal prerogatives in EU affairs had been rather weak. This will be analysed in more detail in the case study on Austria (see C.2.2).



The *final solution term* for all countries with strong parliamentary involvement in ESM affairs (Y) is now interpreted as follows: the partial and quasi veto powers have in common that they were in a rather good macro-economic situation *and* had strong formal prerogatives in EU affairs simultaneously. With the empirical evidence at hand, the combination of these two conditions was sufficient to account for the outcome. The four most complex solution terms (see Table 23) are logically equivalent to this newly derived solution term. The new solution term (A*C → Y) thus reduces the complexity of the data presented above, but maintains the core theoretical and empirical assumptions.

It has, however, some shortcomings. As mentioned in B.4.2.2.2, Austria's membership score in C is only slightly above the 0.5 threshold. Its membership in the combination A*B*C*D (0.6) is only marginally above its membership score in the combination A*B*c*D (0.4). If the Austrian Nationalrat had been classified as rather weak in EU affairs, the solution term would have to be re-interpreted. In that case, strong parliamentary involvement in ESM affairs would be a result of strong macro-economic situation combined with *either* strong Eurosceptical sentiments *or* strong powers in EU affairs (or both), thus: A* (B + C) → Y. Chapter C.2.2 will shed some more light on this problem in the case study on Austria. Chapter C.1.3 will discuss some general limitations of the application of fsQCA.

C.1.2 Weak Parliamentary ESM Participation Rights

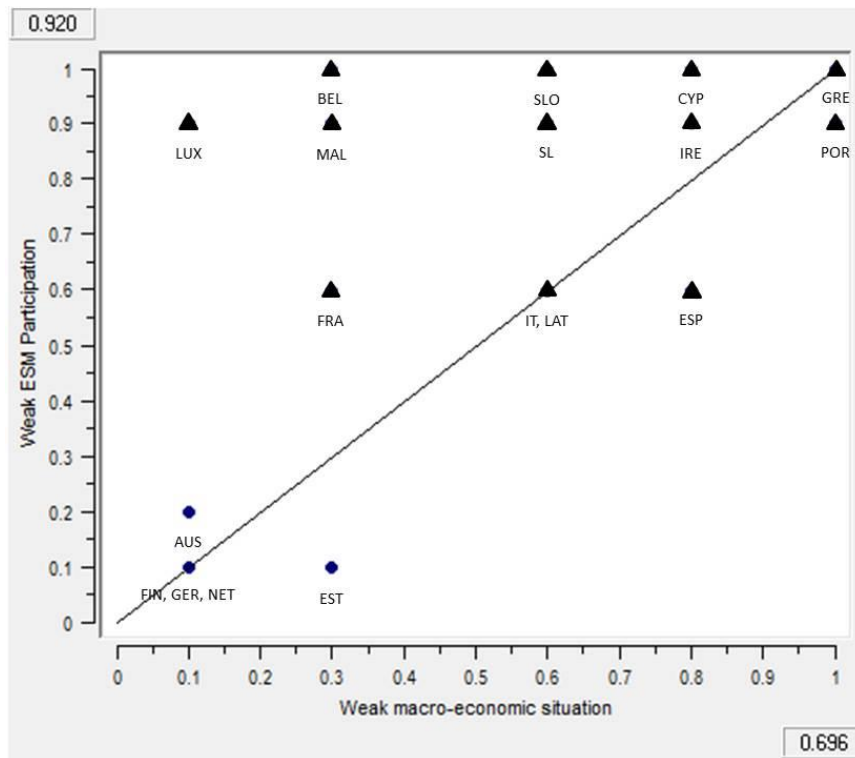
Analysing the absence of the outcome (y) is not simply the reverse analysis of identifying combinations of conditions for (Y). First, different consistency and coverage values emerge for each (combination of) condition(s). The presence of a certain condition might increase the odds for the presence of the outcome (Y); however, the absence of a condition might even be a stronger predictor for its absence (y). A good macro-economic situation to explain strong ESM parliamentary involvement can illustrate this point. When analysing the presence of the outcome (Y), (A) had been interpreted as a necessary condition (see C.1.1.3), but it was not sufficient to explain (Y). It needed to be combined with other conditions to exert explanatory power. The absence of a strong macro-economic situation (a), however, makes the occurrence of weak ESM participation rights (y) even more likely (see C.1.2.1). Despite the fact that the presence of a strong macro-economic situation (A) is not a sufficient predictor of (Y), its absence (a) predicts the absence of (Y) more fruitfully. The explanatory power of each condition thus changes depending on whether the absence or the presence of the outcome is analysed. Similar to the previous procedure, the explanatory power for each condition will be tested separately in a first step. This time, however, the negated values of the conditions are tested, i.e. the absence of the four conditions.

C.1.2.1 Testing Conditions Separately

Weak Macro-economic Situation

Weak parliamentary involvement in ESM affairs (y) is measured on a 0 to 1 scale, with 1 indicating full membership in the group of countries with weak parliamentary involvement. Similarly, a weak macro-economic situation (a) is indicated by the value 1, while 0 indicates weak membership in the condition ‘weak macro-economic situation’, i.e. a strong macro-economic situation. The hypothesis assumed that the stronger the economic situation of a country, the higher the odds that a country possesses strong ESM participation rights (see B.2.1). The reverse logic is that an unfavourable macro-economic situation decreases the odds for strong ESM participation rights. There are nine countries within a weak macro-economic situation in the upper right corner of the XY plot (see Figure 14); they all possess only weak ESM participation rights. The consistency value for the assumption is at 92.0%, indicating a strong correlation between a weak macro-economic situation and weak parliamentary involvement.

Figure 14: Weak ESM participation and weak macro-economic situation



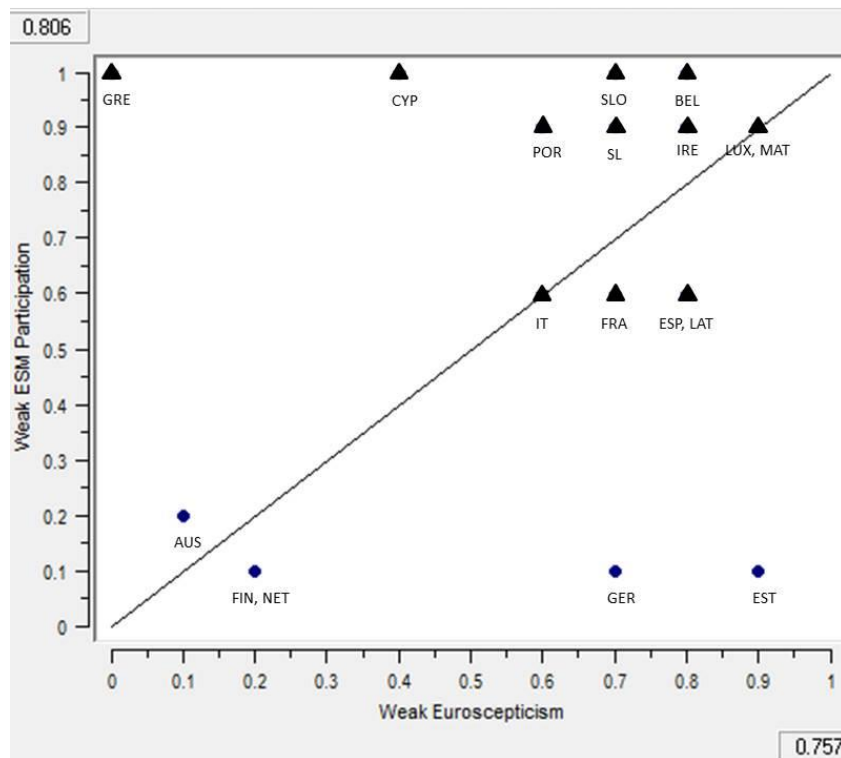
Source 39: Own Presentation. The triangles indicate the countries under investigation, i.e. those parliaments with strong ESM participation rights.

Five of these countries (Cyprus, Greece, Ireland, Portugal and Spain) have received financial assistance from one of the rescue mechanisms in the period under investigation, with Slovenia being at the brink of requesting assistance in 2012-2013. For these countries it can be hypothesized that decision-makers expected strong parliamentary involvement to slow down decision-making processes (which would eventually hamper an efficient management of the crisis). The reverse logic is confirmed for the quasi and partial veto powers in the bottom left corner of the XY plot (see again C.1.1.2). Countries within a good macro-economic situation established strong parliamentary participation rights since they had potentially more to lose. The Italian parliament, which at least secured some consultative rights within the mechanism (see again B.1), is also fully in line with this expectation. Nonetheless, the coverage value for this condition is only at 69.6%, with Belgium, France, Luxembourg and Malta slightly deviating from this logic (left upper corner of the XY plot). They have been in a rather good macro-economic situation, but nonetheless adapted weaker ESM participation rights. The absence of A can therefore not be interpreted as a necessary condition for their weak ESM parliamentary involvement. Belgium, France, Luxembourg and Malta are thus outliers; their involvement in the ESM must be tested in combination with other conditions. In QCA language the question is: in combination with which other conditions did the condition (a) exert influence on the condition (y)?

Weak Levels of Euroscepticism

Strong levels of Euroscepticism are expected to increase the odds of strong parliamentary involvement in ESM affairs (see again B.2.2) while the absence of strong Eurosceptical sentiments is expected to facilitate weaker parliamentary involvement. The data for a number of countries is in line with this assumption.

Figure 15: Weak ESM participation and weak Euroscepticism



Source 40: Own Presentation. The triangles indicate the countries under investigation, i.e. those parliaments with strong ESM participation rights.

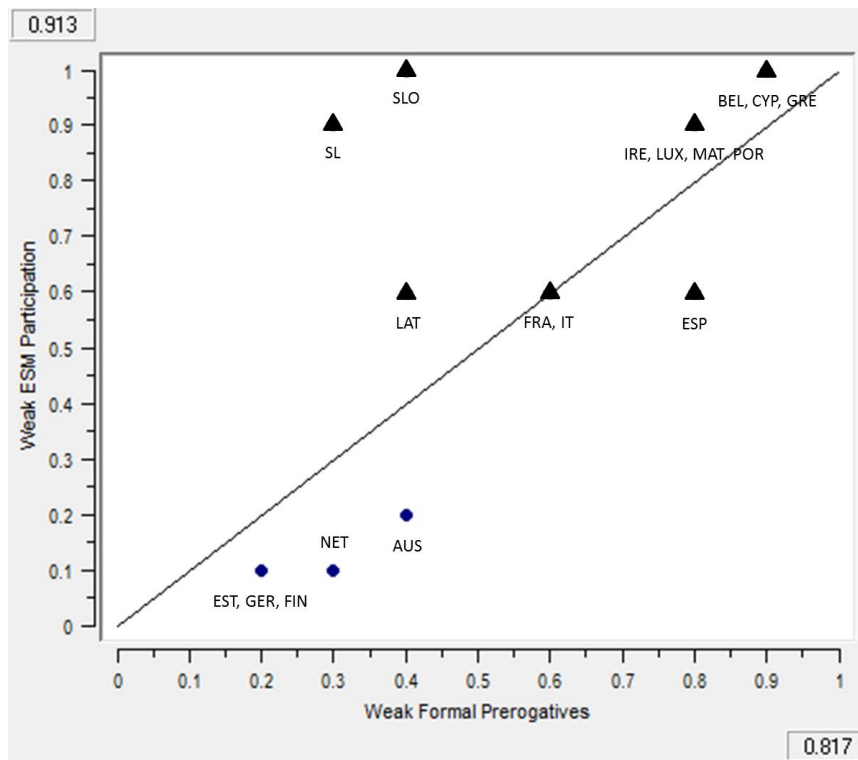
In Malta, Luxembourg, Ireland, Spain and Belgium, weak levels of Euroscepticism simultaneously occur with weak ESM participation rights (see Figure 15). The Austrian, Finnish and Dutch parliaments – with above average levels of Euroscepticism – secured strong involvement within the European Stability Mechanism. There are other countries, such as Portugal, Slovenia or Slovakia in which at least the level of party Euroscepticism has been relatively low. These countries did also not adopt strong ESM participation rights. The consistency value for this condition is at 80.6% and thus relatively high. However, there are also some very strong outliers. Greece, and also Cyprus, have been hit hard by the crisis and show higher levels of party Euroscepticism, but also high popular discontent with the EU in general. These two countries still belong to the group of parliaments with weak participation rights. On the contrary, Germany and Estonia still have only modest levels of Eurosceptical sentiments (as of 2012), but strong ESM participation rights. The coverage value for the

condition (b) is at 75.7%. Neither weak nor strong Euroscepticism on its own is thus sufficient to explain strong or weak parliamentary involvement in ESM affairs, nor can its absence be interpreted as a necessary condition for weak parliamentary involvement. Cyprus and Greece both received financial assistance from the ESM; demanding a stronger parliamentary role within the ESM mechanism should rather be concerned with parliamentary involvement in the negotiations leading to a memorandum of understanding, and not in issuing financial assistance. Despite the fact that the ESM is a long-term mechanism and countries can theoretically switch sides in the long-run, political decision-makers in both countries might not have been very much concerned with a stronger parliamentary role for guaranteeing financial assistance. That leaves, however, the attitudes of Germany and Estonia unexplained; the level of Euroscepticism must thus be tested in combination with other conditions.

Weak Formal Prerogatives in EU Affairs

The third hypothesis assumes that stronger formal prerogatives in EU affairs lead to stronger parliamentary involvement in ESM affairs (see again B.2.3), and reverse. Strong institutional capacities of parliaments in EU affairs are expected to be transferred to the ESM while already weak formal prerogatives are unlikely to be extended and incorporated into the design of the intergovernmental European Stability Mechanism. When analysing strong parliamentary involvement in ESM affairs, this condition on its own had been the strongest predictor of strong ESM participation rights (see again C.1.1.2). Regarding weak parliamentary involvement, the consistency level is equally high (91.3% see Figure 16). Parliaments that only possessed weak parliamentary prerogatives in EU affairs were not able to extend and transfer these powers to the ESM. There is not a single case in which a parliament had weak formal prerogatives in EU affairs, but strong parliamentary participation rights in the ESM. Nonetheless, the condition (c) cannot be interpreted as a necessary condition for (y) since weak parliamentary ESM involvement also occurs in parliaments with strong formal EU prerogatives (most notably Slovenia and Slovakia, but to a lesser extent also Latvia). The coverage of this condition on its own has a value of only 81.7%. Latvia, Slovakia and Slovenia can be interpreted as outliers. They are comparatively strong in EU affairs, but simultaneously share the outcome (y).

Figure 16: Weak ESM participation and weak formal EU prerogatives



Source 41: Own Presentation. The triangles indicate the countries under investigation, i.e. those parliaments with weak ESM participation rights.

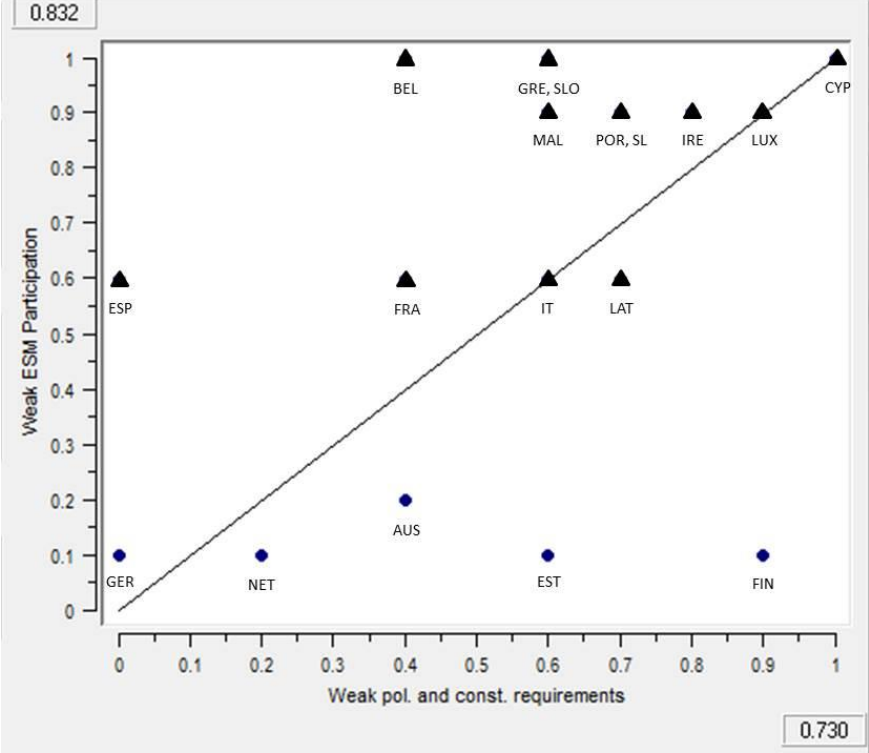
All other countries with strong formal EU prerogatives (C) belong to the group of countries with strong ESM parliamentary participation rights (Y). Latvia, Slovakia and Slovenia were thus not able to transfer their comparatively strong EU prerogatives to the European Stability Mechanism. One likely explanation for this pattern is that other conditions have not been present: strong EU prerogatives only make a difference in combination with other conditions. The question therefore is: in which combination(s) with other condition(s) do weak formal EU prerogatives lead to weak parliamentary involvement in ESM affairs?

Weak Constitutional and Political Requirements to Ratify the ESM Treaty

The presence of strong political and constitutional requirements to ratify the ESM treaty is expected to increase the odds for strong parliamentary involvement in ESM affairs (see again B.2.4). Opposition parties can demand stronger parliamentary involvement as a side payment for supporting the ratification of the ESM treaty. Parliaments with a large governing majority, on the other side, are expected to neglect stronger parliamentary involvement since the government could rely on its own majority. The consistency threshold for this condition on its own is at 83.2% and thus quite strong. In many parliamentary settings in which the government possessed a sufficient majority to pass the treaty (partly in both chambers), only weak parliamentary participation rights were established. Exceptions are Spain, but also

Belgium and France. Although the government was more likely to rely on opposition support to pass the treaties, stronger parliamentary involvement has not been established.

Figure 17: Weak ESM participation and constitutional and political requirements



Source 42: Own Presentation. The triangles indicate the countries under investigation, i.e. those parliaments with strong ESM participation rights.

On the other side, in Germany, Austria and the Netherlands, the government relied on opposition support to pass the treaty and stronger parliamentary participation rights have been established. Outliers are Estonia and Finland which incorporated stronger parliamentary ESM involvement despite having a sufficient governmental majority.

In the Finish case, the debate on the ratification of the ESM treaty was highly politicized, with the True Fins gaining support in the polls for opposing the ESM treaty. This kind of public resistance is not included in the variable (see again B.4.1.4) since no comparable data for all countries exist. The coverage value for this condition is at 73.0% only. Again, the full explanatory power of this condition can only be revealed in combination with other others.

C.1.2.2 FsQCA Analysis: Combinations of Conditions

The following analysis proceeds similar to the one conducted in C.1.1.2. A new truth table is compiled with the fsQCA software (see Table 26).

Table 26: Completed truth table for y

a	b	c	d	Number	Outcome	Raw Consistency
0	1	0	0	2	1	1.0000
0	0	0	0	3	1	0.9800
0	0	1	0	3	1	0.9500
1	0	0	0	2	1	0.9348
0	0	0	1	1	1	0.9302
1	0	0	1	2	1	0.9268
1	0	1	0	1	0	0.8108
1	0	1	1	1	0	0.7436
1	1	1	0	1	0	0.7059
1	1	1	1	2	0	0.6842

Source 43: Information for the truth table is based on Table 19. The data in the seventh column is rounded to the fourth decimal place. The solution terms have been ordered according to their raw consistency values; logical remainders are omitted.

Although the data of the independent and dependent variables is displayed in a binary coding, it is identical with that of Table 19. The outcome is now defined as the absence of strong parliamentary involvement in ESM affairs (*y*). In line with the previous proceeding, this column is added manually to the completed truth table. As indicated by the raw consistency of the solution terms, the gap between the two groups of parliaments regarding the outcome is clearly visible (92.68% to 81.08%). More often than in the previous analysis, the same combination of conditions leads to the same outcome. The second ($a * b * c * d$) and the fourth ($a * b * C * d$) solution terms already cover six cases, i.e. nearly half of the cases under investigation.

Six solution terms describe the outcome (*y*) and form the most complex solution terms. All of them can be interpreted as sufficient conditions for the outcome. They describe, however, simply the observed empirical reality without generalizations (see Table 27).

Table 27: Most complex solutions terms for weak involvement in ESM affairs

Solution term	Countries
A*b*c*d	Luxembourg, Malta
A*b*c*D	Belgium, France
a*b*c*D	Spain
a*b*c*d	Ireland, Italy, Portugal
a*B*c*d	Greece, Cyprus
a*b*C*d	Latvia, Slovenia, Slovakia

Source 44: Own presentation.

Boolean algebra is applied to minimise the complexity of these solution terms with the respective software without violating theoretical or empirical evidence.

Table 28: Truth table for most complex solution term for y

Intermediate Solution Term(s)	Raw Coverage	Unique Coverage	Consistency
b * c Belgium (0.8,1) ⁹⁰ , Ireland (0.8,0.9), Luxembourg (0.8,0.9), Malta (0.8,0.9), Spain (0.8,0.6), France (0.6,0.6), Italy (0.6,0.6), Portugal (0.6,0.9)	0.660870	0.234783	0.926829
a * c * d Cyprus (0.8,1), Ireland (0.8,0.9), Portugal (0.7,0.9), Greece (0.6,1), Italy (0.6,0.6)	0.521739	0.095652	0.983607
a * b * d Ireland (0.8,0.9), Italy (0.6,0.6), Latvia (0.6,0.6), Portugal (0.6,0.9), Slovakia (0.6,1), Slovenia (0.6,0.9)	0.486956	0.060870	0.965517
Solution coverage:	0.817391		
Solution consistency:	0.930693		

Source 45: Own presentation.

As can be seen in Table 28, the Quine McCluskey algorithm reduces the six most complex solution terms from six to three. The first solution term reads that the absence of Eurosceptical sentiments (b) in combination with the absence of strong EU formal prerogatives (c) is sufficient to explain weak parliamentary involvement in ESM affairs in eight cases. This gives evidence that hypotheses two and three are partly confirmed (see B.2.2

⁹⁰ The value (0.8, 1) for Belgium indicates the following: The first of these two values (0.8) describes the weakest link between a combination of conditions, in this case b*c. Belgium's score for Eurosceptical sentiments was measured with B = 0.2 and its formal prerogatives in EU affairs with C = 0.1. The negated values for these two variables are thus b = 0.8 and c = 0.9, with the weakest link b * c = 0.8. The second value (1) indicates Belgium's membership in the outcome y, i.e. no ESM parliamentary participation rights. Since Belgium does not possess any formalised role in the ESM mechanism (Y = 0), it is fully a member of those parliaments with no participation rights in ESM affairs e.g. y = 1.

and B.2.3), but they only exert explanatory power in combination with each other. The fact that the sole absence of Eurosceptical sentiments is not sufficient to explain weak parliamentary involvement in ESM affairs is comprehensible. Eurosceptical parties might be more likely to defend (national) parliamentary participation rights, but formal EU prerogatives must exist as a precondition in order to be defended in the first place. If there are neither strong formal prerogatives in EU affairs (c) nor strong Eurosceptical sentiments (b), it is not surprising that no strong ESM parliamentary prerogatives result from this combination. The solution term ($b * c \rightarrow y$) applies to Belgium, Ireland, Luxembourg, Malta, Spain, France, Italy and Portugal. The raw coverage is at 66.09%. It covers the outliers from Figure 14, the countries within a rather favourable macro-economic situation, but with weak ESM participation rights (Belgium, France Malta and Luxembourg). Interestingly, the presence of a strong macro-economic situation in these four countries is not part of the solution term. Although the consistency level for the solution term ($b * c \rightarrow y$) is quite high (92.7%), it is unsatisfactory that the presence of A is not part of the solution term.

The lower unique coverage (23.5%) indicates, however, that many cases can also be explained with other combinations of conditions (see for instance Ireland, Italy and Portugal). This phenomenon is commonly referred to as equifinality (see again B.3.1.1.2) and underlines that there are multiple paths to arrive at the same outcome. The combination of weak Eurosceptical sentiments and weak formal EU prerogatives might thus not have the same explanatory power for those countries for which other solution terms equally apply. The omission of a strong macro-economic situation will be critically examined in C.1.2.3.

The second solution term ($a * c * d \rightarrow y$) assumes that the simultaneous absence of a strong macro-economic situation (a), weak formal EU prerogatives (c) and low political and constitutional requirements to ratify the ESM treaty (d) is sufficient to explain the outcome (y). This solution term applies to five countries (Cyprus, Ireland, Portugal, Greece and Italy) and is very consistent with the assumption of weak ESM parliamentary participation rights (98.3%). However, while ESM participation for Ireland, Portugal and Italy can also be explained with other combination of conditions, the solution term is unique for Cyprus and Greece only (the unique coverage is at around 9%). These two countries have been hit hard by the crisis; interestingly the absence of the conditions A, C and D outweighs the higher levels of Eurosceptical sentiments that these two countries possess. The question to be asked is: do we need an own solution term for Greece and Cyprus? Are these two cases so particular that they cannot be explained with any other combination of conditions? And what exactly is the causal mechanism behind the solution term ($a * c * d \rightarrow y$)?

The third solution term ($a * b * d \rightarrow y$) combines the absence of A, B and D to be sufficient for explaining the outcome y. It applies to Ireland, Italy, Latvia, Portugal, Slovakia and Slovenia. The consistency level is higher than for the first solution term (96.6%) although the

coverage is significantly lower (48.7%). This solution term is unique for Latvia, Slovakia and Slovenia only. These countries were the outliers in Figure 16. They possessed relatively strong formal EU prerogatives, but were not able to transfer them to the intergovernmental ESM. The presence of (C) is, however, not included in the solution term any more. The minimization of this condition is in line with the logic of Boolean Algebra, but also distorts the explanatory power of the solution term to some extent. I will address this and other shortcomings in the manual analysis (C.1.2.3).

How can these three solution term be interpreted? It is still difficult to draw any general conclusions from this analytical evidence. Every single condition (in combination with at least one other) is included in one of the three solution terms, but none of them is present in all. In principle, the empirical reality can be so complex that no further clarity can be achieved. The software offers, however, an additional tool to reduce the complexity further. By including logical remainders, the Quine McCluskey algorithm assumes the outcome for combinations of conditions for which no empirical evidence exists – given that this further reduces the complexity of the solution terms. I will include logical remainders in the next step to arrive at the most parsimonious solution term.

As can be seen in Table 29, the most parsimonious solution term interprets the absence of two conditions as sufficient for the outcome (y). Either countries did not possess strong formal prerogatives in EU affairs (which applies to ten countries, consistent at 93.2%), or they have been in a weak macro-economic situation (which applies for nine countries, consistent at 96.5%). In six of these countries, both of the conditions have been fulfilled simultaneously (Greece, Portugal, Cyprus, Ireland, Spain and Italy). It is thus difficult to hypothesize if one of the two conditions weighs more than the other to explain the outcome. The joint consistency for both conditions is at around 92%, with a coverage value of around 86%.

Table 29: Truth table parsimonious solution term for the outcome y

	Raw Coverage	Unique Coverage	Consistency
c			
Belgium (0.9,1), Cyprus (0.9,1), Greece (0.9,1), Ireland (0.8,0.9), Luxembourg (0.8,0.9), Malta (0.8,0.9), Portugal (0.8,0.9), Spain (0.8,0.6), France (0.6,0.6), Italy (0.6,0.6)	0.817391	0.20000	0.912621
a			
Greece (1,1), Portugal (1,0.9), Cyprus (0.8,1), Ireland (0.8,0.9), Spain (0.8,0.6), Italy (0.6,0.6), Latvia (0.6,0.6), Slovakia (0.6,1), Slovenia (0.6,0.9)	0.695652	0.078261	0.919540
Solution coverage:	0.895652		
Solution consistency:	0.887931		

Source 46: Own presentation.

These two solution terms represent an enormous reduction of complexity, but they also give a relatively straightforward answer to the question under which conditions countries have adopted weak ESM participation rights. Parliaments did either not possess strong institutional prerogatives, had been in an unfavourable macro-economic situation or both. The low unique coverage for both solution terms indicates that both conditions had been absent in the majority of cases. This most parsimonious solution term does, however, not fully explain the outliers from chapter C.1.2.1. Why do some countries adopt weak ESM participation rights despite being in a relatively good macro-economic situation? Or why did they do so although they possessed quite strong formal prerogatives in EU affairs? According to the most parsimonious solution term, the respective other condition has not been present. This might be empirically true, but is not entirely satisfying with regard to the theoretical foundations the analysis is based on. I will therefore conduct the fsQCA manually to better reflect on the decisions taken to minimize the complexity of the solution terms.

As emphasized in B.3.1, QCA builds on the assumption of equifinality. This means that different solution terms can be identified for the same outcome, but they must be a) logically equivalent, b) express the same information as contained in the truth table, c) do not contradict each other, and d) are acceptable summaries of the empirical information at hand (Schneider, Wagemann 2013: 107). Especially this fourth criterion must be checked manually. The minimisation process is rather mechanical; it does not necessarily respect important theoretical considerations.

C.1.2.3 Manual Interpretation of the Fuzzy Set Truth Table

This section shall make the decisions to reduce the complexity of the most complex solution terms transparent. At the same time, it tries to better pay attention to the theoretical assumptions of this thesis by accepting minimisation procedures only if they can be justified theoretically. As result, the manual interpretation of the fuzzy set truth table will arrive at slightly different conclusions.

The six most complex solution terms can be found in Table 27. I assume that it is theoretically relevant that a strong macro-economic situation (A) appears in two solution terms (covering four countries), while it is absent (a) in the remaining ones (covering nine countries). Since I am particularly interested in the question why some countries within a rather favourable economic situation (Luxembourg, Malta, France and Belgium) have not adopted strong ESM participation rights, I distinguish these two groups of solution terms. I assume that there is a different theoretical reasoning for weak parliamentary involvement in ESM affairs for these groups of countries. In order to simplify the first two solution terms, I apply Boolean algebra manually. The following equation is derived for the first two solution terms:

$$\begin{array}{l}
 \mathbf{7. A*b*c*d} \quad + \quad \mathbf{A*b*c*D} \quad \rightarrow \mathbf{y} \\
 \text{(Luxembourg, Malta)} \quad \text{(Belgium, France)} \\
 \begin{array}{ccc}
 \downarrow & & \swarrow \\
 \mathbf{8. A*b*c} & & \rightarrow \mathbf{y}
 \end{array}
 \end{array}$$

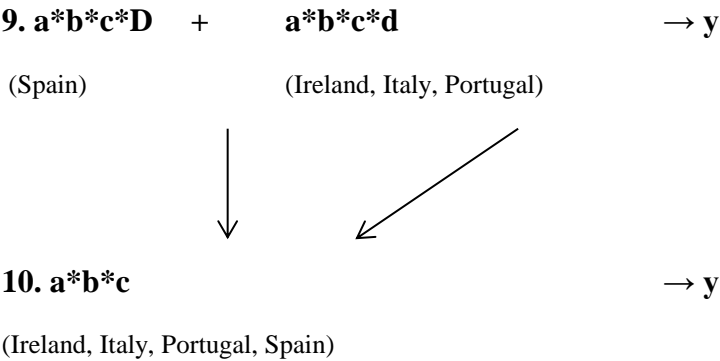
(Belgium, France, Luxembourg, Malta)

In these four cases, political and constitutional requirements to ratify the ESM treaty are considered redundant for explaining weak parliamentary involvement in ESM affairs. In Belgium, all parliaments had to ratify the modification of article 136 TFEU. Since three parliamentary chambers were involved in this ratification process, the fs-value for Belgium (D) had been above average. However, in-depth analysis regarding the involvement of Belgian parliamentary chambers reveals that their actual impact on EU policy-making is rather limited (see for instance Bosch 2014). Belgium is a typical case of a consensus democracy (see for the term Lijphart 1999). Since many different (parliamentary) actors are involved in the decision-making processes, it is difficult to argue that higher political and constitutional requirements to ratify the ESM treaty have opened a window of opportunity for opposition parties to influence policy-making and demand stronger parliamentary participation rights in ESM affairs. In the Belgian case, a clear distinction between government and opposition parties is furthermore difficult to draw since most parties execute governmental responsibilities on at least one (federal) level. The reason for France having an

above average fs-value (D) is the involvement of the second chamber, the Senate, during in the ratification process of the ESM treaty. The Senate was dominated by the French Socialist party in 2012, while the UMP held a majority in the Assemblée Nationale.⁹¹ The Senate plays, however, only a subordinate role in French policy-making. It can delay decisions taken by the government and the first chamber, but it can normally not veto them. In this sense, it can be doubted that the involvement of the French Senate did pose a major political or constitutional obstacle for the ratification of the ESM treaty. The four countries for which the solution term $A*b*c$ applies have all been in a relatively good macro-economic situation as of 2012. Additionally, they were characterised by the absence of strong Eurosceptical sentiments and the absence of strong EU parliamentary prerogatives. This conclusion is in line with the statements made in chapter C.1.1.2 (analysing strong parliamentary involvement in ESM affairs): a good macro-economic situation must be combined with strong formal prerogatives in EU affairs to account for strong ESM involvement ($A * C \rightarrow Y$). Since Belgium, France, Luxembourg or Malta did not possess strong formal EU prerogatives, they could not adopt stronger ESM participation rights.

Succinctly, the intermediate solution in C.1.2.2 assumed that the ESM involvement of Belgium, France, Malta and Luxembourg can be explained with the solution term $(b * c \rightarrow y)$. This solution is a subset of the solution term $(A * b * c \rightarrow y)$ ⁹² and does thus not contradict the solution of the manual analysis. Theoretically, however, it does make more sense to still emphasise the inclusion A in the final solution term. The solution term $(A * b * c \rightarrow y)$ allows drawing the conclusion that a strong macro-economic situation can also lead to weak parliamentary involvement in ESM affairs if it is combined with low levels of Euroscepticism and weak formal prerogatives in EU affairs.

The remaining four solution terms have all been characterised by a weak macro-economic situation (a). They differed, however, with regard to the presence or absence of the remaining conditions. I will first apply Boolean algebra to the next two solution terms of Table 27:



⁹¹ The UMP lost its parliamentary majority in the Assemblée during the legislative elections in summer 2012.
⁹² The reason for this is that the fifth ($a*b*c*D \rightarrow y$) and sixth ($a*b*c*d \rightarrow y$) solution terms can be simplified to $a*b*c \rightarrow y$. This solution term, however, can also be simplified with the solution term $A*b*c \rightarrow y$, by interpreting the absence or presence of A as redundant for the outcome.

With the empirical evidence at hand, political and constitutional requirements to ratify the ESM treaty are again interpreted as redundant to explain the weak parliamentary involvement in ESM affairs in these four countries.⁹³ The four countries described above were indeed hit hard by the Eurozone crisis. Ireland and Portugal had already requested financial assistance from international donors when the ESM treaty was ratified; Spain requested funds from the ESM for its banking sector shortly after the new mechanism came into force; and Italy had been under the supervision of, especially, the European Commission to balance its budget and comply with the Maastricht criteria. These countries are the ideal types of political settings in which strong parliamentary involvement is most unlikely since none of the guiding assumptions developed in chapter B.2 applies (with the exception of Spain where the political and constitutional requirements to ratify the ESM treaty were notably higher than in other political settings). Whether the difficult macro-economic situation would have been sufficient to explain weak parliamentary involvement cannot be assessed with the empirical evidence of the four countries alone. Equally, whether the sole absence of one of the three conditions (A, B or C) would have been sufficient to explain weak parliamentary involvement, or whether it is rather a combination of these conditions is still not clear from the data.

The last two solution terms will be taken into account:

$$11. \mathbf{a*B*c*d} \quad + \quad \mathbf{a*b*C*d} \quad \rightarrow \mathbf{y}$$

(Greece, Cyprus) (Latvia, Slovenia, Slovakia)

Both of these solutions term cannot be simplified any further with Boolean algebra. They have a rather weak macro-economic situation and low political and constitutional requirements to ratify the ESM treaty in common. They differ, however, with regard to the presence or absence of Eurosceptical sentiments and formal prerogatives in EU affairs. Looking at the theoretical expectations developed in B.2.4, it can be doubted that the absence of strong political or constitutional requirements to ratify the ESM treaty (d) can explain weak participation rights in ESM affairs. Indeed, the causal logic for this guiding assumption was formulated in the reverse direction:⁹⁴ strong political and constitutional requirements to ratify the ESM treaty increase the odds of strong parliamentary involvement in ESM affairs (see chapter B.2.4). Its absence, however, can theoretically lead to both, strong or weak parliamentary involvement and is not further specified in the theoretical section. Empirically, the cases of Finland and Estonia have shown that parliaments opted for strong parliamentary involvement in ESM affairs despite political and constitutional requirements being rather low. In this regard, it does make sense to interpret the condition (d) (including any combination

⁹³ Spain high fs-value is also a result of the role of the second chamber played in the ratification process. Similar to the French case, the role of the second chamber in EU policy-making is rather limited although absolute majorities for the ESM treaty and the modification of article 136 TFEU had been required (see Table 11).

⁹⁴ Strong political and constitutional requirements to adapt the ESM treaty (D) were expected to lead to stronger parliamentary participation rights in ESM affairs (Y).

with it) as irrelevant for the outcome (y). This procedure is *not* based on Boolean algebra, but justified on theoretical explanations. The row 11 can thus be reformulated as follows:

$$(11a) \quad \mathbf{a^*B*c} \quad + \quad \mathbf{a*b*C} \quad \rightarrow \mathbf{y}$$

(Greece, Cyprus) (Latvia, Slovenia, Slovakia)

The five countries above are now characterized by the absence of a strong macro-economic situation (a) that was either combined with strong Eurosceptical sentiments *and* weak parliamentary prerogatives in EU affairs, or with weak Eurosceptical sentiments *and* strong parliamentary prerogatives in EU affairs. Combined with the former solution term in row 10 for Ireland, Italy, Portugal and Spain, a further minimization is possible.

$$12. \quad \mathbf{a*b*C} + \quad \mathbf{a*b*c} \quad + \quad \mathbf{a*B*c} \quad \rightarrow \mathbf{y}$$

(Latvia, Slovenia, Slovakia) (Ireland, Italy, Portugal, Spain) (Greece, Cyprus)

$$13. \quad \mathbf{a * b} \quad + \quad \mathbf{a * c} \quad \rightarrow \mathbf{y}$$

The first and third solution terms can be combined with the second solution term. The presence or absence of strong formal prerogatives in EU affairs (c) does not seem to impact on the parliamentary participation rights in ESM affairs, thus resulting in the term (a * b → y). The presence or absence of strong Eurosceptical sentiments does not seem to account for the outcome in the second and third solution term, thus (a * c → y). To increase readability, (a) can be factored out.

$$(13a) \quad \mathbf{a*(b + c)} \quad \rightarrow \mathbf{y}$$

Preliminary Conclusion on Weak Parliamentary Involvement in ESM Affairs

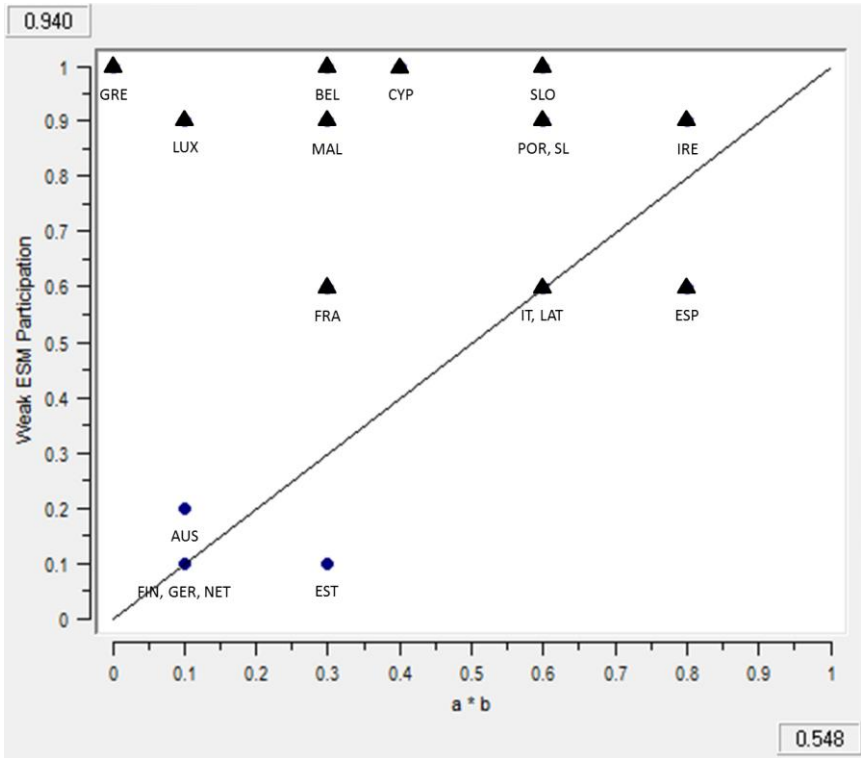
Based on the empirical evidence at hand, weak ESM participation (y) has two intermediate solution terms which are justified on methodological and theoretical grounds. First, it is a result of a weak macro-economic situation (a) that is either combined with weak Eurosceptical sentiments (b) and/or with weak formal EU prerogatives (c). A weak macro-economic situation is neither a necessary condition for weak ESM participation rights (as the cases of Belgium, France, Luxembourg and Malta have shown), nor is it sufficient to explain the outcome (y). At least empirically, it must be combined with either (b) or (c). Second, weak ESM participation rights can be explained with a rather favourable economic situation (A) in combination with weak Eurosceptical sentiments (b) and weak formal EU prerogatives (c).

$$\mathbf{a*(b + c) + A * b * c} \quad \rightarrow \mathbf{y.}$$

These two solution terms constitute an enormous reduction of complexity compared to the six most complex solution terms in Table 27. They also differ from the intermediate and most parsimonious solution terms presented in C.1.2.2. The sole absence of a strong macro-economic situation is a good predictor of weak ESM involvement, but it is more adequate to interpret the explanatory power of this condition in combination with others. Although no country within a weak macro-economic situation adopted strong parliamentary participation rights in ESM affairs, its absence was empirically accompanied with the simultaneous absence of (b) or (c).

With the data at hand, it is thus impossible to ‘proof’ that a weak macro-economic situation must always be combined with one of the other two conditions, but theoretical considerations support this assumption. While a weak macro-economic situation increases the odds for weak parliamentary involvement in ESM affairs, the additional absence of (b) and (c) increases the coverage and consistency values. Figure 18 shows the correlation between weak ESM participation rights and the combination of (a * b).

Figure 18: Weak ESM participation and a * b



Source 47: Own presentation. The triangles indicate the countries under investigation, e.g. those parliaments with weak ESM participation rights.

This combination explains particularly well the cases of Spain, Ireland, Slovakia, Latvia, Portugal, Slovenia and Italy. The consistency value is at 94%. However, outliers are those four countries within a rather favourable macro-economic situation as well as Greece and

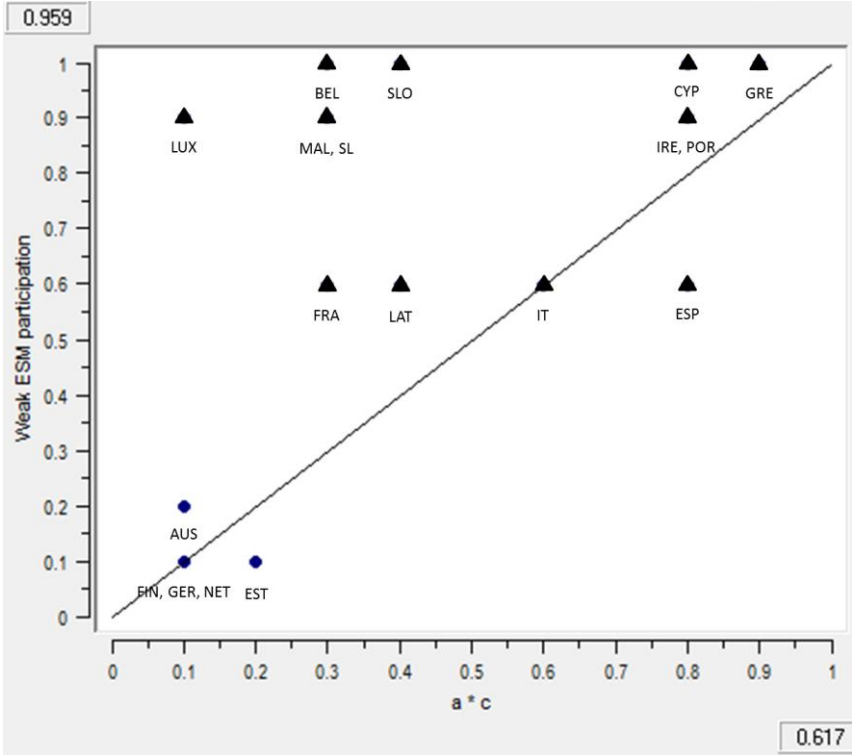
Cyprus which had high Eurosceptical sentiments. The coverage for this solution term is therefore only at 54.8%.

If a weak macro-economic situation is combined with weak formal prerogatives in EU affairs, the consistency (95.9%) and the coverage (61.7%) levels are higher (see Figure 19). The outliers are again the four countries within a favourable macro-economic situation. Additionally, the cases of Latvia, Slovenia and Slovakia are not very well explained with this combination of conditions. These three countries had rather strong formal prerogatives in EU affairs, but were not able to transfer these powers to the European Stability Mechanism. The combination of the both solution terms ($a * b \rightarrow y$ and $a * c \rightarrow y$) can explain, however, nine out of thirteen cases. This is why both terms are summarized in the final solution term

$$a * (b + c) \rightarrow y$$

to indicate that one solution term for the outcome (y) requires a weak macro-economic situation that is combined with either weak Eurosceptical sentiments and/ or weak formal prerogatives in EU affairs.

Figure 19: Weak ESM participation and $a * c$

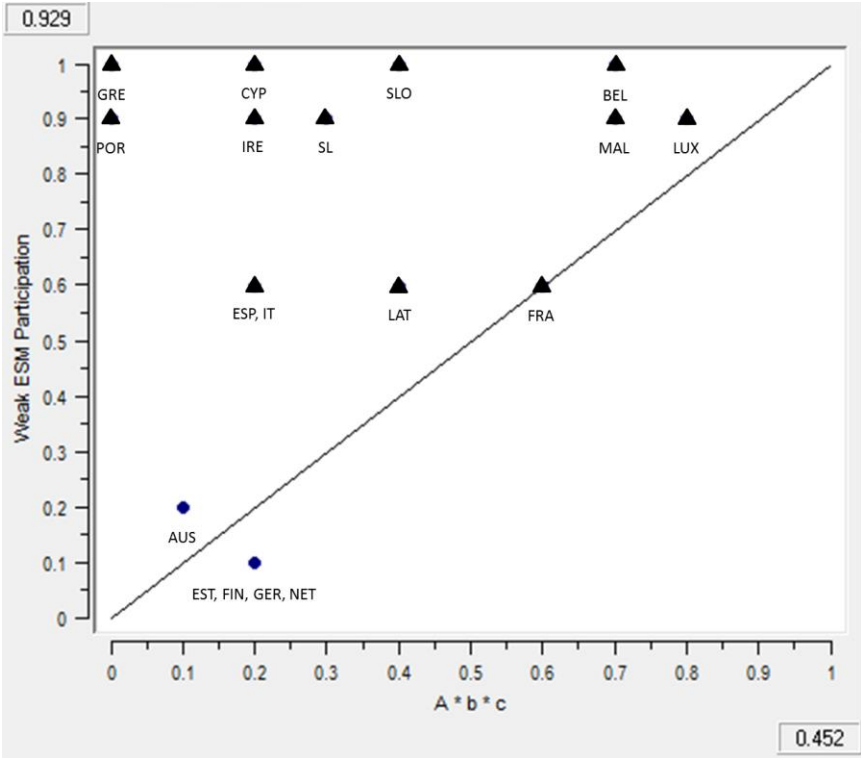


Source 48: Own presentation. The triangles indicate the countries under investigation, e.g. those parliaments with weak ESM participation rights.

This combined final solution term leaves only those four cases unexplained that have been in a rather favourable macro-economic situation. As can be seen in Figure 20, the combination

$(A * b * c \rightarrow y)$ predicts more strongly the parliamentary involvement in ESM affairs for Belgium, France, Luxembourg and Malta. Despite a stronger macro-economic condition, these countries were not able to guarantee stronger parliamentary participation rights in ESM affairs since these countries neither had strong formal EU prerogatives nor very strong Eurosceptical sentiments. This solution term deviates from the minimization procedure proposed with the Quine McCluskey algorithm. The solution term for these countries was covered by the expression $b * c$. As explained above, the solution term $(A * b * c \rightarrow y)$ and $(b * c \rightarrow y)$ are logically equivalent and A can in principle be interpreted as redundant for the final solution term. However, including A in the final solution term allows explaining under which conditions a strong macro-economic situation of a country does not lead to strong involvement in ESM affairs. The consistency level for this solution term is at 92.9%, but only 45.2% of the cases are covered with it.

Figure 20: Weak ESM participation and $A * b * c$



Source 49: Own presentation. The triangles indicate the countries under investigation, e.g. those parliaments with weak ESM participation rights.

Succinctly, explaining weak parliamentary involvement in ESM affairs requires two separate solution terms. The first one $(a * (b + c) \rightarrow y)$ covers nine out of thirteen countries. A weak macro-economic situation is a strong predictor of weak ESM involvement, but it makes sense to assume that this condition must be combined with other conditions to increase its explanatory power. The consistency and coverage levels for $a * b$ and $a * c$ are both higher than for the conditions a on their own. Second, the four remaining countries require an own

solution term. $A * b * c \rightarrow y$ better explains why Belgium, France, Luxembourg and Malta have adopted weaker ESM participation rights despite being in a favourable macro-economic situation.

C.1.3 Insights and Limitations of FsQCA: Intermediate Conclusion

The primary objective of a fuzzy-set qualitative comparative analysis is to reduce the complexity of empirically observed patterns for a given outcome. There are manifold reasons as to why parliamentarians adopted strong or weak ESM participation rights, and not all of these factors are generalizable across all countries under investigation. As outlined above, due to data limitations, the role of constitutional courts was not included as an own variable in the analysis. Also, the different ‘political cultures’ – especially concerning the traditional role of the parliament within the national political system – was not systematically investigated. It is difficult, if not impossible, to operationalize such a variable objectively for eighteen countries. The institutional prerogatives in EU affairs or the political and constitutional requirements to ratify the ESM treaty can, however, be interpreted as a proxy for the ‘political culture’ (although such a measurement has shortcomings). Both conditions can at least approximate the role of the parliament within the political system and thus allow drawing some modest conclusions concerning the ‘political culture’ of a Member State. Against this background, the ambition of the fsQCA is a rather modest one: based on the empirical evidence at hand, it tries to identify observable empirical patterns which allow for a certain degree of generalization. The ultimate objective of the fsQCA is thus to reduce the complexity of the empirical reality.

This sub-chapter first critically presents some of the major insights of the fsQCA and briefly highlights three characteristics of this method: conjunctural causation, equifinality and asymmetry. These characteristics distinguish fsQCA from other statistical analyses and thus provide an added value in terms of the methodology used. Second, the sub-chapter critically discusses the limitations of the approach, resulting from the operationalization of variables as well as the general challenge to substantiate any claim about ‘causality’ in social sciences. At the end of this chapter I explain the case selection for the qualitative analysis.

Conjunctural Causation, Equifinality and Asymmetry

The concept of conjunctural causation assumes that a combination of conditions can exert higher explanatory power than the effect of each condition individually.

Table 30: Consistency and coverage for the absence and presence of each condition

Condition	Consistency		Coverage	
	<i>Presence</i>	<i>Absence</i>	<i>Presence</i>	<i>Absence</i>
Macro-Economic Situation	62.4% (A → Y)	92.0% (a → y)	89.2% (A → Y)	69.6% (a → y)
Euroscepticism	61.1% (B → Y)	80.6% (b → y)	67.7% (B → Y)	75.7% (b → y)
Formal EU prerogatives	72.7% (C → Y)	91.3% (c → y)	86.2% (C → Y)	81.7% (c → y)
Const. and pol. requirements to ratify the ESM treaty	60.8% (D → Y)	83.2% (d → y)	73.8% (D → Y)	73.0% (d → y)

Source 50: Own presentation.

Table 30 lists the measured impact on the occurrence and non-occurrence of the outcome for the four conditions separately. The consistency values for the occurrence of the outcome are relatively low and range between 60.8% and 72.7% (they are fairly higher for the non-occurrence of the outcome, ranging between 80.6% and 92.0%). These thresholds are certainly too low to be considered statistically significant for the outcome (although no objective threshold exists to determine when a consistency value can be interpreted as meaningful or not). There seems to be a broad agreement in the literature, however, that a consistency threshold must be higher than 75% to be interpreted as statistically relevant. Applied to the fsQCA of this thesis, even strong formal prerogatives in EU affairs (with a consistency value of 72.7%) do not account for strong ESM parliamentary participation rights to a measurable degree.

The combined solution terms, however, do all possess higher consistency levels than the individual conditions. They range between 81.3% and 95.9% although the coverage level is lower. As elaborated above, consistency and coverage values often work against each other. The more precisely a solution term accounts for an outcome the more likely it is that not all empirical observations are covered by it.

In this case, the concept of conjectural causation is superior to the testing of individual variables since all final solution terms have higher consistency levels than the individual conditions (see Table 31). However, this does not mean that these solution terms indicate causation.

Table 31: Consistency and coverage for the absence and presence of final solution term

Condition	Outcome	Consistency		Coverage	
		<i>Presence</i>	<i>Absence</i>	<i>Presence</i>	<i>Absence</i>
A * C	Y	81.3	88.8	80.0	89.6
A * b * c	y	92.9	67.7	45.2	73.0
a * (b * c)	y	94.0/95.9	54.0/58.5	54.8/61.7	93.8/95.4

Source 51: Own presentation. The third solution term includes the intermediate solution term (a*b) and (a*c).

Not only is causation difficult to ‘prove’ in every social science research technique, but also the low number of observed cases requires caution regarding the interpretation of the results. I therefore formulate the insights from the analysis more carefully, i.e.:

The simultaneous presence of a strong macro-economic situation and strong formal prerogatives in EU affairs is to a relatively high degree consistent with the assumption of strong ESM participation rights.

In a first step, this statement is only an empirical observation which reduces the complexity of the four most complex solution terms (see again Table 23). However, the statement also confirms a theoretical reasoning developed in B.2.5: A good macro-economic situation sets rational incentives to secure stronger parliamentary involvement, but they can only be realised when parliaments already possessed strong formal tools to influence EU policy-making in the first place. It therefore makes sense to assume that this combination of conditions exerts higher explanatory power than any of the conditions individually. The theoretical expectation was confirmed by observable empirical patterns.

Conjunctural causation is at first sight not very obvious for the explanation of weak parliamentary involvement in ESM affairs. A weak macro-economic situation (92%) or weak formal prerogatives (91.3%) are already highly consistent with the assumption of weak ESM parliamentary participation rights. There is thus less need to suppose that a combination of conditions better account for weak parliamentary ESM involvement. All thirteen countries under investigation lacked the presence of at least one of these two conditions (this finding was already indicated in the most parsimonious solution term, see again C.1.2.2). Other theoretical aspects, such as the degree of Euroscepticism or political and constitutional requirements to ratify the ESM treaty, do not seem to significantly influence parliamentary ESM participation. Countries that neither possessed rational incentives (a strong macro-economic situation) nor institutional capacities (or both) did not secure a stronger say in ESM affairs. Based on this observation, the question is whether Eurosceptical attitudes and political and constitutional requirements to ratify the ESM treaty can be interpreted as redundant.

The empirical cases indicate that a weak macro-economic situation always occurred simultaneously with either weak prerogatives in EU affairs ($a * c \rightarrow y$), weak levels of Euroscepticism ($a * b \rightarrow y$), or even both ($a * b * c \rightarrow y$). This allows no statement on whether the conjunction with another condition was causally relevant or not. There are no cases in which a country was in a weak macro-economic situation, but equally characterised by strong levels of Euroscepticism and strong institutional prerogatives in EU affairs ($a * B * C \rightarrow y$). There is also no empirical evidence for a country in a strong macro-economic situation, high levels of Euroscepticism, but weak formal prerogatives in EU affairs ($A * B * c \rightarrow y$). Therefore, it is at least theoretically possible that (a) or (c) would not automatically lead to weak ESM parliamentary involvement if both of the other two conditions were present simultaneously. This is why I assume that a weak macro-economic situation must occur simultaneously with either low levels of Euroscepticism or weak prerogatives in EU affairs. The final solution term ($a * (b + c)$) is therefore based on a conjunction of conditions, even if no statement on causality can be made.

The same is true for the solution term ($A * b * c \rightarrow y$). Belgium, France, Luxembourg and Malta have all been in a relatively favourable macro-economic situation. One could assume that the sole absence of strong formal EU prerogatives accounts for the weak ESM parliamentary involvement of these countries. In that case, the explanation for these four countries would not be any different from that of Spain, Ireland or Greece (which also possess only weak EU prerogatives). These four cases differ, however, because these parliaments did not establish strong ESM prerogatives despite having rational incentives to do so. In order to make sense of this pattern, I assume that the simultaneous absence of strong Eurosceptical sentiments and strong EU prerogatives prevented the establishment of 'safety belts' in form of stronger parliamentary participation. This is, arguably, hypothetical and does also not assume causation in a strict sense. However, based on the theoretical considerations (see again B.2), a separate explanation for these cases seems appropriate.

These two different solution terms for weak parliamentary ESM involvement point to a second major characteristic of QCA. *Equifinality* assumes that different combinations of conditions can lead to the same outcome. Frequentist statistical approaches, by contrast, assess the impact of single variables (conditions) on a dependent variable (outcome). It is possible that a QCA analysis also reveals only one single solution path to the outcome (as the solution term explaining strong ESM parliamentary involvement indicates). However, QCA has its strength when it is possible to show that an outcome has different solution paths that are composed of different combinations of conditions. Applied to the explanation of weak ESM parliamentary involvement, equifinality allows arguing that a strong macro-economic situation (A) can be part of a solution term in some settings, but not in others.

Qualitative comparative analyses also highlight the notion of *asymmetry* of concepts and causal relations. Asymmetry means “that insights on the causal role of a condition are of only limited use for the causal role of its absence, and the explanation of the occurrence of an outcome does not necessarily help us much in explaining its non-occurrence” (Schneider, Wagemann 2013: 81). If all conditions were perfectly symmetric, their presence should explain the presence of the outcome to the same extent as its absence explains its non-occurrence. Strong formal prerogatives in EU affairs, for instance, are consistent with the statement of strong parliamentary involvement in ESM affairs at 72.7%, but their absence is consistent with weak ESM involvement at 91.3%. To analyse these pattern, two separate definitions and operationalisations of concepts are required which are often not distinguished in non-set-theoretic approaches (Goertz, Mahoney 2012: 9–13)⁹⁵. Overall, the presence of all four conditions is less consistent with the outcome Y than its absence is for the outcome y.⁹⁶ The concept of asymmetry therefore reveals that the establishment of strong ESM parliamentary participation rights follows a more complex pattern than its mere absence.

Limitations of the analysis

As outlined above, a fsQCA essentially allows for the reduction of the complexity of empirically observed facts. Strictly speaking it does not allow drawing any conclusions concerning causality for the occurrence of an outcome. FsQCA is limited to the identification of general patterns which are based on a theoretically developed frame. Since the method is deterministic in nature, all potentially relevant conditions must be identified in the first place, and these conditions must be reasonably calibrated. I carefully followed this approach in this thesis.

However, having in mind the general limitations of QCA, the thesis will extend the analysis by looking at some parliamentary settings in a qualitative way. The previous analysis revealed, for instance, that some parliamentary settings faced unique conditions that could not be covered by the fsQCA. In Germany, for instance, important judgements of the Constitutional Court have significantly strengthened the role of the parliament in the ESM (see for instance Höing 2013). Explanations for the strong parliamentary involvement in

⁹⁵ Quoted in (Schneider, Wagemann 2013: 6).

⁹⁶ The presence of a strong macro-economic condition (A) can illustrate this finding. It correlates with strong parliamentary involvement at a consistency level of 62.4%. Its absence, however, correlates with weak parliamentary ESM involvement at a 89.2% level. The macro-economic situation of a country was indeed identified as a necessary condition for the outcome (see again C.1.1.1), but it was not interpreted as being sufficient (see C.1.1.3). Similar values are retrieved for the remaining three conditions.

Germany might therefore go beyond the theoretical expectations developed in B.2.⁹⁷ With regard to the Austrian Nationalrat, the constitutional requirements to ratify the ESM treaty might have had a stronger impact on the ESM parliamentary participation rights than the fsQCA has revealed (see again Konrath 2012). For this reason, Germany and Austria will be analysed qualitatively to test the explanatory power of the fsQCA.

Also, as outlined in chapter A.4, the role of donor and debtor countries in the ESM is fundamentally different (although the ESM is designed as a permanent mechanism and former debtor countries can become donor countries in the future). Regarding the democratic legitimacy of the management of the crisis the question of parliamentary involvement in the negotiations of the memoranda of understanding is of major importance. Ireland and Portugal have been the first two countries asking for financial assistance from the newly created EFSF. Greece, on the other side, is a special case since it already received bilateral financial loans before the respective rescue mechanisms were established. For this reason, the two case studies dealing with the role of parliaments in debtor countries will deal with Ireland and Portugal.

⁹⁷ Also, as emphasized in the previous chapter, Austria was correctly assigned a fuzzy set value above the 0.5 threshold in formal EU prerogatives, but it was nonetheless a borderline case (see B.4.2.2.2). This requires having an in-depth look at this two countries to assess whether the solution term $(A * C \rightarrow Y)$ adequately describes their parliamentary involvement.

C.2 Case studies

Case studies are a useful tool to address unique features that have not been covered comparatively in the fsQCA. In order to increase generalizability, two cases from donor (Germany and Austria) and two from debtor countries (Ireland and Portugal) are selected for an in-depth analysis. In all four case studies, the relevant legislation related to the ratification of the ESM treaty will be introduced and analysed. Each section will then focus on the debates in the plenary, public hearings as well as – if publicly available – committee proceedings. Each of these chapters dedicates space to cover unique particularities of the case studies. A total of 29 expert interviews have been conducted which primarily serve as background information (see again B.3.2). This additional evidence complements the findings of the fsQCA.

The mixed method design helps overcoming potential shortcomings of exclusively quantitative or qualitative research designs (see again B.3). I want to focus on cases in which strong, respectively weak, parliamentary prerogatives in ESM affairs can (additionally) be explained with particularities that have not been addressed in the fsQCA. In a first step, I explain why the four countries merit a separate analysis and then highlight their similarities and differences. Strong formal prerogatives in EU affairs have been identified to account for strong parliamentary involvement in ESM matters (in combination with a strong macro-economic situation, see again C.1.1). The Austrian Nationalrat indeed possesses relatively strong formal prerogatives on paper, but it makes rarely use of them (Pollak, Slominski 2003). Does this characteristic nonetheless account for Austria's strong parliamentary involvement in ESM affairs? In Germany, on the other side, the Bundesverfassungsgericht played an exceptional role in strengthening the German Bundestag in EU affairs, and especially within the new rescue mechanisms. How can the special role of the Court be accounted for? To what extent is Germany thus deviating from the fsQCA explanation for strong parliamentary involvement in ESM affairs? These particularities will be addressed to validate the findings of the fsQCA.

Furthermore, the main research interest was so far to analyse under which conditions parliamentary involvement was required to issue financial guarantees. With the exception of Greece, all Eurozone countries have guaranteed financial assistance to another country. The different involvement of NPs exemplifies the increasing asymmetric parliamentary influence among donor countries. The parliamentary involvement of debtor countries is, however, not primarily concerned with decisions on sovereign aid packages or the release of financial tranches therein, but with the parliamentary involvement in the negotiations and implementation of the memoranda of understanding. In how far could parliamentary actors in programme countries influence these negotiations? In how far was parliamentary approval required to enact specific measures demanded by the MoU? This influence is difficult to

generalize since all of these parliaments are formally relatively weak vis-à-vis their governments (see again B.4.1.3). Furthermore, they all possess a couple of unique characteristics:

- Greece received its first sovereign aid package in an emergency situation on the basis of bilateral loans in May/June 2010. The majority of these first loans did not come from either the EFSF or the ESM, but from a special stability mechanism designed to provide financial assistance to Greece. Additional bilateral loans of some non-Eurozone countries were equally granted outside an established institutional framework. This makes the Greek case in many regards exceptional (see also Vasilopoulou et al. 2014). Second, the Hellenic parliament has not issued financial assistance to any other Eurozone Member State, but only contributes to the ESM with its share of the paid-in capital.
- Spain experienced a long period of strong economic growth after the introduction of the common currency. The boom in the construction sector was a result of a credit-driven demand, facilitated by low interest rates (Eurogroup 2012). When this bubble busted, Spain was the first country to receive financial assistance from the ESM. This financial assistance was restricted to the Spanish banking sector only (see ESM 2012). In contrast to the other four countries, the MoU is therefore explicitly restricted to ‘financial-sector policy conditionality’.
- Cyprus received financial assistance in early 2013 and thus not within the period under investigation (2010-2012). Cypriot bank deposits have been partly used to provide immediate assistance to some of the national banks, sparing only those deposits below €100,000 (Eurogroup 2013). Furthermore, capital controls have been enacted (which are partly still in place) and the IMF’s contribution to the bailout was significantly reduced (only around 10%, see Belke 2014).

Due to these particularities, Greece, Spain and Cyprus will not be chosen as case studies. Ireland (November 2010, see EFSF 2010) and Portugal (March 2011, see EFSF 2011) have been the first countries requesting financial assistance from the newly established EFSF (see among others Gocaj, Meunier 2013). Procedures to negotiate and implement MoUs had not been fully established at that time. This makes both countries interesting for in-depth case studies. Case studies on Portugal and Ireland also have the advantage that both countries issued financial assistance to at least one other country (in contrast to Greece). They are thus not only debtor, but to a very small extent donor countries as well. Furthermore, their memoranda of understanding were not restricted to the banking sector, but also covered structural and financial reforms (in contrast to Spain). And both countries have already exited the programmes without entering into a precautionary credit line (in contrast to Cyprus). The empirical evidence for these two cases strongly focuses on interview evidence conducted in June and October 2013. In addition to the analysis of plenary debates and secondary literature,

reports concerning the role of the former troika as well as early assessments of the European Commission on the management of the crisis will be evaluated (European Commission 2014b).

Donor Countries: Austria and Germany

The two donor countries Germany and Austria share a number of the characteristics which have been outlined in the theoretical section (see B.2), but they also differ in others. I am particularly interested in those variables that have been interpreted as redundant in the fsQCA, especially the degree of Euroscepticism and the political and constitutional requirements to ratify the ESM treaty. First, the degree of Eurosceptical sentiments differs between the two countries. In Austria, two relatively strong right-wing Eurosceptical parties (in the Nationalrat) were openly opposed to the ratification of the ESM treaty. Usherwood and Startin define the FPÖ (and its split-off BZÖ) as radical right wing parties for whom “opposition to the EU has become a central policy plank” (Usherwood, Startin 2013: 5).⁹⁸ Party Euroscepticism in Germany, on the other side, was not as strongly pronounced: *The Left*, which rejects the neo-liberal direction in which it sees European integration progressing (ibidem), was the only party that opposed the ratification of the ESM treaty in the German Bundestag. Public Euroscepticism was more strongly pronounced in Austria than it was in Germany (see again B.4.1.2.1). Second, Germany and Austria both have relatively strong formal prerogatives in EU affairs (which differ, however, in the degree to which they are exercised, see B.4.1.3). Austria already adopted strong formal participation rights with its accession to the European Union in 1995 while the German Bundestag was considered a late-comer in EU affairs for a long time (see for instance Auel 2006; Beichelt 2012). It only recently reformed its parliamentary prerogatives in EU affairs (Calliess and Beichelt 2013; Kietz 2013). Especially the German Constitutional Court demanded stronger parliamentary participation in its famous Lisbon Judgement in 2009, but also in various judgements related to the Eurozone crisis. The decisive role of the BVerfG distinguishes Austria and Germany and merits a separate analysis. Third, both countries have been in a favourable macro-economic situation as of 2012. Their parliaments had potentially more to lose should financial guarantees ever become due. They thus had a stronger incentive to establish comprehensive parliamentary participation rights. Fourth, the political and constitutional requirements to ratify the ESM treaty had been high in both countries. The Austrian and the German government relied on opposition support to adopt the ESM treaty. In Germany, opposition support was also needed to ratify the Fiscal Compact (in contrast to Austria); its ratification was politically linked to the ratification of the European Stability Mechanism (see for instance Austrian Nationalrat 2012e).

⁹⁸ Within these parties, resistance to EU integration is often linked to questions of immigration and globalization.

Debtor Countries: Ireland and Portugal

Ireland and Portugal also share a number of characteristics. First, the macro-economic situation in both countries was severely troubled at the time the ESM was ratified, although both countries slipped into the crisis for different reasons. While low interest rates after the introduction of the common currency facilitated a credit-boom in the early 2000s, Ireland became heavily indebted after guaranteeing the Irish banking sector to not let them go bankrupt in 2010 (see among others Laffan 2014). Portugal's economy, on the other side, faced and still faces more structural deficits (see for instance Gorjao 2012). The initial macro-economic starting point has thus been difficult for both countries, although for different reasons. Second, regarding Eurosceptical sentiments, Ireland and Portugal have a tradition of being rather pro-European (although the Irish voters rejected a couple of treaty reforms since the early 2000s). Nonetheless, public outcry in the aftermath of the bailout programmes was more strongly articulated in Portugal. In both countries, however, no relevant political party (yet) demands to leave the European Union or opposes the common currency on principle grounds (although a new political party emerged in Portugal which might be able to enter the next parliament in late 2015, see C.2.4). Third, both countries are characterised by a relatively strong executive dominance. This is one reason why the formal parliamentary prerogatives in EU affairs have never been strong in these countries. Fourth, the governments did not rely on opposition support to ratify the ESM treaty. Both countries hold early elections after the former governments requested financial assistance from the predecessor of the ESM, the EFSF. Former opposition parties were subsequently voted into office (both in 2011) with an unusually high majority in parliament (see for instance Marsh, Mikhaylov 2012).

C.2.1 The German Bundestag

The degree of parliamentary involvement of the German Bundestag in the diverse rescue mechanisms established since 2010 was subject to huge variation. The first bilateral loans to Greece were decided upon under immense time pressure in May 2010, leaving little room for parliamentary deliberations (see Deutscher Bundestag 2010: 3995). Also, the European Financial Stability Facility (EFSF) (established at the end of May 2010) did originally not foresee a strong involvement of the German Bundestag. Some leading government representatives initially opposed the idea of strong co-decision powers of the German Bundestag (Schäuble 2010: 4427). As a reaction to a first judgement of the Constitutional Court (German Constitutional Court 2011), stronger parliamentary involvement was incorporated in the reform of the EFSF in September 2011 (more on that see C.2.1.2.3). These stronger powers were transferred to the ESM which was decided upon in June 2012 (Deutscher Bundestag 2012g). A gradual strengthening of the role of the Bundestag can thus

be observed. The more encompassing the liability sum for German taxpayers, the more competences the new rescue mechanisms acquired and the more institutionalised they were designed, the more parliamentarians insisted on strong parliamentary co-decision powers (Kietz 2013: 27).

There are multiple reasons for this change in attitudes which will be assessed in the next sub-chapters. At the end of 2012, German Chancellor Angela Merkel emphasized that budgetary responsibilities will remain a key prerogative of nation states (Merkel 2012: 23814) and that they will not be transferred to the European level. So far, the majority of crisis instruments lacked a genuine European source of legitimacy (see for instance Hofmann, Wessels 2013) and only very few national parliaments acquired a notable role within the rescue mechanisms. Merkel emphasized that future cooperation in the economic and monetary union was nonetheless needed in order to safeguard the Eurozone. This brought the question of the democratic legitimacy of future cooperation to the centre of interest (see also Bellamy, Weale 2015).

Every decision – this is the principle – must be legitimised and controlled on the level where the decision has been taken. This means, whenever the European level is strengthened, the European Parliament must be strengthened. Whenever national competences are affected, it must be the parliaments of the nation states from which democratic legitimacy is derived⁹⁹ (Merkel 2012: 23814).

This general approach was not contested between the government and the parliament. The German political system is traditionally not characterised by a confrontation between the executive and the parliament, but merely by a confrontation between the governing coalition and the opposition (for a classical account see King 1976). The question of parliamentary involvement within the ESM was, however, only seemingly concerned with this conflict line. A small, but vocal group of parliamentarians within the government coalition was opposed to financial assistance while major opposition parties in the Bundestag (especially the Social Democrats and the Greens) supported the government's approach. The dividing line between the coalition government and the parliamentary opposition was therefore to some extent blurred (see Kietz, 2013: 7).¹⁰⁰ Additionally, opposition to the ESM was also formed *outside* of the German Bundestag: Several non-governmental interests groups sued the federal government for the establishment of the ESM and the Fiscal Compact in the German Constitutional Court (see C.2.1.2.3), claiming that the establishment of both instruments would violate democratic principles of the German Basic Law.

⁹⁹ In the following, all German quotes will be roughly translated by the author.

¹⁰⁰ Small inquiries ('kleine Anfragen') are indicative for this pattern: Normally, they are utilised as a tool of opposition parties to question the government. They must be submitted in writing and the government is obliged to respond within a given time period. During the ratification process, forty small inquiries concerned the ESM. Thirteen of them were asked by members of the governing coalition. This unusual pattern (see Kietz 2013: 19), indicates the high degree of politicisation.

In order to ratify the ESM treaty, three additional laws had to be passed. First, the ESM accompanying law¹⁰¹ (Deutscher Bundestag 2012); second, a modification of the federal debt law¹⁰² (Deutscher Bundestag 2012b); and third, a law to ratify the modification of article 136 of the TFEU (Deutscher Bundestag 2012e). The law which defines the role of the German parliament is the ESMFinG. To analyse the German ratification process, I will first outline the involvement of different parliamentary bodies involved as well as the voting on these measures. Afterwards, I will turn to the ratification debate from 29 June 2012 to qualitatively test the conditions of strong parliamentary involvement as developed in the fsQCA (see C.1.3).

C.2.1.1 Parliamentary involvement and voting

The next section briefly outlines the involvement of parliamentary bodies in the ratification process (C.2.1.1.1), as well as the actual voting on the crisis measures under investigation C.2.1.1.2). The subsequent analysis of the ratification debate will focus on the 29 June 2012 plenary vote on the ESM treaty (alongside the ratification of the TSCG) (see C.2.1.2).

C.2.1.1.1 Involvement of Parliamentary Bodies in the Scrutiny Process

The ratification of the ESM treaty occupied a large amount of time from parliamentarians in 2010-2012. Gattermann and Höing counted the parliamentary questions dealing with EU affairs and the financial crisis in the 2008-2011 period to assess the significance of this policy field (Gattermann, Höing 2012). Ministers or their deputies answer these questions during the regular plenary sessions.

At the time when the U.S. investment bank Lehman Brothers collapsed in 2008, only 1.41% of (EU) parliamentary questions (three questions in total) were concerned with the financial crisis. As of 2011, already 19% per cent of all EU parliamentary questions dealt with the Eurozone crisis. Although the indicator is descriptive only, it confirms assessments of practitioners of the German Bundestag: Sven Vollrath, the head of the EU directorate, equally observed an increased interest in EU, but especially financial affairs during this time period (see especially Vollrath 2011). The acquired data does not allow drawing the conclusion that the interest in EU affairs increased as a result of the Eurozone crisis. Interestingly, however, these questions were often asked by parliamentarians who were not members of the European Affairs Committee (as it is usually the case with EU-related questions). To some extent, EU affairs have thus become ‘mainstreamed’ in the German Bundestag during the ESM ratification process: different sectoral committees were involved in the scrutiny process of the diverse instruments to tackle the Eurozone crisis. Especially the Budget and European Affairs

¹⁰¹ ESM-Finanzierungsgesetz (ESMFinG).

¹⁰² Gesetz zur Änderung des Bundesschuldenwesengesetzes.

Committees scrutinised the most decisive instruments to tackle the crisis, notably the ESM, the EFSF and the TSCG. The EAC took the lead concerning the modification of article 136 TFEU (changes of EU primary law are traditionally a key responsibility of the EAC). Instruments with budgetary implications, such as the first bailout package to Greece, the EFSF/ ESM and the Fiscal Compact, were scrutinised in the Budget Committee. The committees of law, the interior, finances as well as economy and technology were equally involved in the scrutiny process, although they did not take the lead (see again Kietz 2013). This comprehensive involvement of sectoral committees is an unusual pattern for dealing with EU affairs in the Bundestag and indicates the significance of the proposals under scrutiny. The Budget and Finance Committees organised several public hearings to assess the impact of the diverse rescue mechanisms. Among others, members of the ECB directorate (Jürgen Stark), the then-President of the Eurogroup (Jean-Claude Juncker), the Irish Foreign Minister (Michael Martin) or the then-Greek Minister for the Economy (Anna Diamantopoulou) were present. Government representatives (especially the German Finance Minister) were regularly invited to hearings in different sectoral committees. The EAC did not organise own public hearings, but participated in the organisation of the public hearings of the Budget and Finance Committees (see Kietz 2013: 14). Although this indicates a strong parliamentary involvement, the scrutiny process did not always run smoothly. The head of the European Affairs Committee, Günter Krichbaum, complained in the name of *all* parties that his committee was often only insufficiently informed by the federal government. Parliamentarians often received news from online or print media (rather than from the government directly) which he described as a ‘disrespect towards the German Parliament’ (ibidem). Insufficient information turned into a key issue for parliamentarians throughout the entire ratification process (see below).

C.2.1.1.2 Voting

The ESM treaty (including the accompanying law and the modification of article 136 TFEU) and the TSCG were eventually ratified on 29 June 2012 by the German Bundestag. Formally, the vote for both treaties took place independently from each other. However, both treaties were supposed to “form a unit with regard to their content” (Merkel 2012b: 22699). The ESM and the Fiscal Compact were “twin sisters” on the way to a “stability union” (Brüderle 2012: 22707 and Rösler 2012: 22717). Legally, the receipt of financial ESM assistance indeed requires the ratification of the TSCG. The debate in the plenary¹⁰³ had been very intense and passionate (Deutscher Bundestag 2012g). For some, the days preceding the official vote belonged to the “most extraordinary plenary weeks in the history of the Republic” (Brüderle 2012: 22707).

¹⁰³ In the following, all statements made in the plenary debate will be roughly translated by the author to the best of his knowledge.

One reason for the hectic agitation in the forefront of the 29 June plenary vote had been a European Council summit. The summit took place on 28-29 June and its conclusions suggested that the Heads of State or Government agreed on the possibility of directly recapitalizing banks with funds from the ESM (see European Council 2012) – provided that an effective banking union was established in the meantime (on the design of the banking union see Howarth, Quaglia 2013). This political agreement seemed to contradict central provisions of the accompanying laws of the ESM treaty as well as statements of leading government representatives. The chancellor herself admitted that the communication in the aftermath of the summit had not been optimal and emphasized that every step towards a banking union would naturally require the explicit consent of the German Bundestag (see Merkel 2012a: 22701-2, but also Kauder 2012: 22712).¹⁰⁴ Carsten Schneider (the then-head of the German Budget Committee, SPD) nonetheless observed a 180 degree U-turn of the government (quoted in Mahony 2012); Sigmar Gabriel, (chairman of the oppositional Social Democrats) equally claimed that the chancellor had given her agreement to European Council Conclusions which allow exactly the opposite of what current proposals are suggesting (Gabriel 2012: 22704). Quite unusual, the President of the German Bundestag had to clarify that the vote in the Bundestag was only concerned with the legislative proposals as they were on the agenda for the plenary session, and not with any political agreement reached at the European Council the day before. The opposition *Left party* nonetheless requested to annul the vote, arguing that it was meaningless in the light of the decisions taken in Brussels the day before.¹⁰⁵

Three other particularities also illustrate the heatedness of the plenary debate in the forefront of this vote. First, parliamentarians from all major political party groups dissented from their official party lines (all votes were casted by name). Second, the President of the German Bundestag allocated speaking time to some of the dissenters (although they were initially not nominated as speakers by their parliamentary party groups). And third, an unusual high amount of personal statements was submitted to the protocol in which parliamentarians from all party groups elaborated on why they voted in favour or against the respective rescue mechanism. All four proposals eventually secured large – above two thirds – majorities in the German Bundestag. The Social Democrats and Alliance 90/ The Greens supported the ratification of the treaties by majority, while *the Left* opposed all measures.

¹⁰⁴ Some German media nonetheless announced “The night in which Merkel lost”¹⁰⁴ (Volkery 2012), stressing that the decisions of the European Council contradicted the initial design of the ESM treaty and its accompanying law

¹⁰⁵ The motion did not find a majority in the plenary.

Table 32: Voting behaviour: TSCG

Political Party	Yes	No	Abstain
CDU/ CSU	233 (98.31%)	3 (1.27%)	1 (0.42%)
SPD	113 (82.48%)	23 (16.79%)	1 (0.73%)
FDP	87 (94.57%)	4 (4.35%)	1 (1.09%)
The Left	0 (0.00%)	71 (100.00%)	0 (0.00%)
Alliance 90/ The Greens	53 (81.54%)	9 (13.85%)	3 (4.62%)
	486	110	6

Source 52: Numbers are taken from the stenographic report of the German Bundestag from 29 June 2012, pages 22736-9. The numbers in brackets indicate the percentages per political party group, considering all casted votes.

The Fiscal Compact (Deutscher Bundestag 2012c) was supported by 486 votes in favour and 110 votes against (see Table 32). Only six parliamentarians abstained. The governing parties secured majorities of around 98% and 95% in their own ranks while this number was significantly lower for the Social Democrats (82%) and Alliance 90/ The Greens (81%). Parties from the political left were generally more supportive of financial assistance than liberal or conservative parties. The reverse is true for obligations to reduce public spending. No parliamentarian from *the Left* supported the Fiscal Compact.

Regarding the ESM vote (Deutscher Bundestag 2012b), the number of dissenters in the government ranks was significantly higher than for the opposition (see Table 33). Around 7 and 11% of the parliamentarians from the CDU/CSU and the FDP did not support the establishment of the European Stability Mechanism. These numbers would not have been sufficient to secure the so-called chancellor majority, i.e. at least 50 per cent of the votes in parliament. This is indicative for the struggle of the governing coalition to secure majorities in their own ranks. Among the Green party (98%) and the Social Democrats (91%), the number of supporters for the ESM treaty was significantly higher, with only few parliamentarians opposing or abstaining from the vote.

Table 33: Voting behaviour: ESM Treaty

Political Party	Yes	No	Abstain
CDU/ CSU	218 (92.77%)	16 (6.81%)	1 (0.43%)
SPD	128 (91.43%)	8 (5.71%)	4 (2.86%)
FDP	82 (89.13%)	10 (10.87%)	0 (0.00%)
The Left	0 (0.00%)	71 (100.00%)	0 (0.00%)
Alliance 90/ The Greens	65 (98.48%)	1 (1.54%)	0 (0.00%)
	493	106	5

Source 53: Numbers are taken from the stenographic report of the German Bundestag from 29 June 2012, pages 22740-2. The numbers in brackets indicate the percentages per political party group considering all casted votes.

The accompanying law to the ESM (Deutscher Bundestag 2012d) received roughly the same amount of votes as the ESM treaty (see Table 34). The treaty and the accompanying law are complementary. It is inconsequential to support the ratification of the ESM treaty and oppose the accompanying law, or vice versa.

Table 34: Voting behaviour: ESM Financing Law (ESMFinG)

Political Party	Yes	No	Abstain
CDU/ CSU	217 (92.74%)	16 (6.84%)	1 (0.42%)
SPD	130 (93.53%)	5 (3.60%)	4 (2.88%)
FDP	83 (91.21%)	8 (8.87%)	0 (0.00%)
The Left	0 (0.00%)	71 (100.00%)	0 (0.00%)
Alliance 90/ The Greens	64 (98.46%)	1 (1.54%)	0 (0.00%)
	494	101	5

Source 54: Numbers are taken from the stenographic report of the German Bundestag from 29 June 2012, pages 22745-7. The numbers in brackets indicate the percentages per political party group considering all casted votes.

International treaties often require accompanying laws specifying how the international agreement will be handled domestically. It is nonetheless telling that five parliamentarians who voted against the ESM treaty did not take part in the vote of the accompanying ESM law (the number of no-votes was reduced from 106 to 101).¹⁰⁶ Some parliamentarians obviously wanted to express their explicit opposition to the ESM treaty by voting against it, but might have acknowledged the relatively far-reaching parliamentary participation rights of the accompanying law. In order to express this ambiguity, they did not take part in the vote. This is, admittedly, speculative. However, in personal statements submitted to the protocol,

¹⁰⁶ Overall, the number of parliamentarians taking part in each of the four votes slightly varies.

numerous parliamentarians explained their opposition to the ESM treaty, but acknowledged the comparatively strong role of the Bundestag in the ESMFinG at the same time.

The modification of article 136 TFEU received the highest parliamentary support of all four proposals (Deutscher Bundestag 2012e). Only *the Left* opposed the ratification; between 92 and 99% of the parliamentarians in the other parliamentary party groups supported this measure. The two-third majorities could therefore easily be secured for all proposals.

Table 35: Voting behaviour: Modification of article 136 TFEU

	Yes	No	Abstain
CDU/ CSU	218 (92.77%)	16 (6.81%)	1 (0.43%)
SPD	138 (99.28%)	1 (0.72%)	0 (0.00%)
FDP	83 (91.21%)	8 (8.87%)	0 (0.00%)
The Left	0 (0.00%)	71 (100.00%)	0 (0.00%)
Alliance 90/ The Greens	65 (98.48%)	1 (1.52%)	0 (0.00%)
	504	97	1

Source 55: Numbers are taken from the stenographic report of the German Bundestag from 29 June 2012, pages 22745-7. The numbers in brackets indicate the percentages per political party group considering all casted votes.

Nonetheless, the plenary debate allows shedding light on especially two selected theoretical assumptions developed in chapter B.2. First, high political and constitutional requirements to ratify the ESM treaty increase the odds of stronger parliamentary ESM involvement because opposition parties demand stronger parliamentary participation rights if their votes are decisive to pass the legislation (see especially B.2.4). Second, higher Eurosceptical sentiments in public and within the parliament equally increase the odds for stronger parliamentary involvement in ESM affairs because these parties hold the government publicly accountable on this sensitive political question (see chapter B.2.2). In the German case, however, Euroscepticism is not as much pronounced as in other national settings. Whether dissent in the governing coalition nonetheless affected parliamentary involvement in ESM affairs will be analysed in the following section.¹⁰⁷

C.2.1.2 Ratification Debate

The analysis of the ratification debate from 29 June 2012 does not aim to explain the content of the diverse (legislative) proposals. Representatives from all parties disagreed – partly

¹⁰⁷ I will focus on these two (out of four the hypotheses) because they are political in nature and therefore more likely to be addressed during the ratification debate.

fundamentally – on whether the ESM can effectively help Eurozone states to overcome their refinancing problems or not. They also disagreed on whether the ESM was democratically legitimated since it impairs decisively on national parliamentary prerogatives. And last but not least, the governing coalition as well as opposition (the Social Democrats and the Greens) differed in how far the final comprehensive package deal – including a ‘jobs and growth pact’ of €120bn and the introduction of a financial transaction tax (FTT) at the European level – was a success of their own negotiation strategy. For many parliamentarians, the vote for the ESM treaty and the Fiscal Compact was a matter of conscience (Heil 2012: 22726) and many Social Democrats as well as Green MPs underlined that they would not have approved the Fiscal Compact on its own, but only in combination with the European Stability Mechanism (Heil 2012: 22728).¹⁰⁸ Some speakers admitted that they were in a situation of “turbulence and exhaustion” (Brinkhaus 2012: 22733) or that they felt blackmailed by the debtor countries (Schäffler 2012: 22722). The vote for the ESM was therefore highly contested, despite the huge parliamentary majority it received. The next part of the analysis focuses on the following question: In how far did the parliamentary opposition use the ratification process to demand stronger parliamentary involvement in ESM affairs? To recall, Germany had been classified as an ideal case of a country with high political and constitutional requirements to ratify the ESM treaty (B.4.2.2.3). This was expected to increase the odds for stronger parliamentary involvement in ESM affairs. In the final solution term of the fsQCA, this condition was, however, eventually interpreted as redundant for the outcome (see C.1.1.3).

Social Democrats and the Greens indeed negotiated with the government in the forefront of the vote and demanded concessions for their support for the ESM treaty and the TSCG. Since the ESM treaty had already been agreed upon at the EU level, opposition demands could only focus on the ESM accompanying law on which the German Bundestag decided autonomously. During the negotiations, however, the SPD and the Greens focussed on the ‘jobs and growth pact’ and the taxation of the financial market and not on a stronger role of the German Bundestag within the ESM. Both parties regarded these EU level agreements as a success of their negotiation strategy (Gabriel 2012: 22702), especially since the German government had been hesitant at first to support these measures. “With the opposition in your neck [...] we forced you to act reasonably” (Trittin 2012: 22714). Some government representatives complained that the consent to the ‘jobs and growth pact’ as well as the financial transaction tax was indeed enforced upon the government by the opposition parties (Willsch 2012: 22730) – to the disadvantage of the Bundestag’s budgetary sovereignty and at the expense of German economic interests. For government and opposition representatives alike, the parliamentary involvement of the German Bundestag within the ESM did

¹⁰⁸ A number of parliamentarians from the governing coalition supported the ratification of the TSCG, but opposed the ratification of the ESM.

nonetheless play an important role. Different speakers emphasised that Germany enters “new constitutional territory” with the ESM treaty, resulting in a quasi-modification of the German Basic Law and immense consequences for the budgetary competences of the Bundestag (Brüderle 2012: 22707, but also Danckert 2012: 22734). These “crown jewels of the parliament” were not sacrificed easily since the entire plenary of the Bundestag would always decide on all major decisions with financial implications (Brüderle 2012: 22707). Compared to the role of the Bundestag in other international organisations (such as the International Monetary Fund (Schmidt 2012: 22729) or Germany’s contribution to the EU budget (Barthle 2012: 22733)) parliamentary participation rights in the ESM are indeed far-reaching. Nonetheless, it remained politically contested if Germany could be forced to contribute financially to the ESM without the prior approval of the Bundestag (for these exceptional circumstances see Gauweiler 2012: 22725). “De facto, the ESM and its accompanying law result in a self-imposed disempowerment of the German parliament”, as speakers of the opposition (*the Left*) complained (Groth 2012: 22766). In this argumentation, the alleged strong participation rights of the German Bundestag were only pretending stronger accountability.

Numerous parliamentarians therefore submitted personal statements in order to express their feeling of unease (attached to the protocol of the plenary debate). One telling example is the statement of Marco Bülow from the Social Democrats: “I am not an expert for these questions, but have tried to deal with these questions intensively. [...] The ESMFinG has a dimension that I cannot oversee, and the discussion has been way too short to assess its consequences and impact [...]. This is why I am voting against the ESM” (Bülow 2012: 22760). The complexities of the proposals made it difficult for numerous MPs to give their consent. In a personal statement, Birgit Reinemund (FDP) explained that she was aware of the fact that the decisions of the latest European Council contradicted major assumptions of the current proposals, but that she had confidence in the promise of the chancellor and the foreign minister that the Bundestag cannot be forced to guarantee more money than it explicitly agreed to (Reinemund 2012: 22776–7). The short amount of time to scrutinise the proposals intensified this feeling of uncertainty (Bülow 2012: 22760; Gohlke 2012: 22760; Rawert 2012: 22775) although only few parliamentarians rejected the ESM on principle grounds.¹⁰⁹ Only few speakers from the SPD or the Green Party criticised the insufficient involvement of the German Bundestag in EU affairs (see especially Danckert 2012 and Schwanitz 2012). The majority of opposition representatives seemed convinced that the Bundesverfassungsgericht had already secured a strong involvement of the Bundestag in ESM affairs (see especially

¹⁰⁹ For Wolfgang Gehrcke (*the Left*), the ESM treaty constitutes a clear violation of article 79(3) of the German Basic Law since the constitution’s character is altered without a public referendum by the German people. The far-reaching transfer of budgetary competences to the European Commission and national governments would violate the very principle of democratic sovereignty (Gehrcke 2012: 22765).

Sarrazin 2012: 22778, but also Trittin 2012: 22715). This is a genuine characteristic of the German debate: the question of stronger parliamentary involvement in ESM affairs had already been settled with previous decisions of the German Constitutional Court, or was anticipated to be eventually decided by the BVerfG. Several parliamentarians and non-parliamentary actors announced to file actions after the vote in the Bundestag. This alliance represented the entire political spectrum, including the *Left* party, parliamentarians from the CDU/CSU and FDP, the former Minister of Justice Herta Däubler-Gmelin (SPD), a group of retired professors as well as a group of ordinary citizens (whose individual complaints had been selected as examples by the court) (see among others The Guardian Online 2012). Interestingly, the opposition to the ESM mainly came from *outside* the German parliament.

C.2.1.2.1 *Package Deals*

Does the analysis of the ratification debate confirm the hypothesis concerning high political and constitutional requirements, i.e. that opposition parties negotiated stronger parliamentary participation rights within the ESM? To some degree, the high authority of the German BVerfG indeed defused political controversy. Koczy (Greens) elaborated that the decision by the BVerfG allowed her to eventually approve the ESMFinG, despite initial doubts (Koczy 2012: 22771). This is not to argue that parliamentary participation rights did not play a prominent role in the ratification debate. In essence, however, the dispute on parliamentary involvement had a *legal* character. Representatives from the opposition (especially from the SPD and the Greens) consequently focussed more strongly on political concessions, such as the financial transaction tax (Montag 2012: 22773 (Greens)) or the jobs and growth pact (Wieczorek-Zeul 2012: 22785 (SPD)), and not solely on the budgetary competences of the Bundestag. The particularity of the German case thus lies in the fact that the BVerfG eventually paved the way for stronger parliamentary involvement. Opposition parties demanded stronger involvement, but due to the previous judgements they could be assured that these would be guaranteed by the BVerfG in either case. Opposition parties could therefore focus on *political* side payments at the European level in exchange for supporting the ESM treaty (see especially Binding 2012: 22756). The BVerfG eventually emerged as a 'safety belt' for parliamentary prerogatives – in line with previous judgements on the constitutionality of European Treaties with the German Basic Law. Higher political and constitutional requirements to ratify the ESM treaty did therefore not decisively increase the odds for stronger parliamentary involvement. In line with the final solution of the fsQCA (see again C.1.1.2), this condition can be interpreted as redundant for stronger parliamentary involvement of the German Bundestag.

C.2.1.2.2 *Euroscepticism*

I will now turn to the assessment of Eurosceptical sentiments. In chapter B.4.1.2, Eurosceptical sentiments were classified as weakly pronounced in Germany. First, only *the Left* in the German parliament can be classified as rather sceptical of EU integration, although they do not outright reject the integration process. Furthermore, they only occupied a relatively small share of seats. Their vote was thus not decisive to ratify the ESM treaty. Second, and compared to other Eurozone countries, the public attitude towards the EU was still rather positive in Germany (according to the data of the Eurobarometer, see chapter B.4.1.2.1). Nonetheless, a minority of the speakers in the German Bundestag expressed their deep concern with the direction in which the European Union was heading. Sara Wagenknecht, vice chairperson of *the Left*, described the ESM treaty and Fiscal Compact as a ‘coup d’état’ against the German Basic Law (Wagenknecht 2012: 22711). Other speakers of *the Left* emphasized: “Transferring sovereignty to bureaucrats which have not been elected and are not accountable to the people, this does not make any sense. This is not democratic, but the exact opposite” (Gehrcke 2012: 22737). But not only *the Left* expressed its severe opposition to the new treaties, also representatives from the governing coalition.¹¹⁰ The opposition to the ESM treaty cannot be equated with opposition towards the European Union and the European integration process. Many parliamentarians opposing the ESM treaty emphasized that they were ‘convinced Europeans’. It was therefore correct to classify Germany as being relatively pro-European in the overall attitude towards European integration. The assessment that no political party so far emerged that is explicitly hostile towards European integration is still valid (Hölscheidt 2001: 117). The formation of the Alternative für Deutschland (AfD) in 2013 might call this assumption into question in the long run. However, even this new party did not join an explicit Euro-hostile parliamentary party group after it was elected into the European Parliament in 2014 (see for instance Höing, Müller-Gómez 2014). The hypothesis in chapter B.2.2 assumed that the presence of Eurosceptical sentiments increase the odds for stronger parliamentary involvement. In the German case, Eurosceptical parties are in the minority. The opposition *Left* could therefore not exercise any significant influence. It was therefore correct to interpret the (low) level of Euroscepticism in Germany as redundant for strong parliamentary ESM involvement.

C.2.1.2.3 *Particularities of the German Case: BVerfG Judgments*

To fully understand the particularities of the German case it is necessary to look at the diverse judgment of the Bundesverfassungsgericht related to the Eurozone crisis (see Table 36). It

¹¹⁰ “If you want peaceful and respectful cooperation in Europe, if you care about the future of our children and grandchildren, if you believe in the rule of law and in freedom and responsibility, and if you want to keep the Bundestag’s finest prerogatives of budgetary authority, then I ask you to oppose the ESM treaty” (Willsch 2012: 22731).

was the German Constitutional Court which strengthened the participation rights of the German Bundestag in the management of the crisis. On the one side, these judgements are a continuation of previous court rulings. On the other side, they enter new legal territory.

The famous Maastricht judgement in 1993 stressed the paramount position of Member States as the “master of the treaties”. They decide on the transfer – and potentially also the re-transfer – of competences to the European level.¹¹¹ Within Member States, national parliaments are the pivotal institutions from which democratic legitimacy is derived. According to the Constitutional Court, political sovereignty is thus deeply rooted in the nation state (Beck 2011: 475). This reasoning was confirmed in the Lisbon judgement in 2009. Although the Lisbon Treaty was declared constitutional, the judges emphasised anew that each transfer of competences to the supranational level must be explicitly decided upon by the German Bundestag (ruling out the possibility of a so-called *Kompetenz-Kompetenz* of the European legislator). The judges furthermore defined formal limits for the conferral of powers to the EU because the integration process must respect Germany’s constitutional identity (German Constitutional Court 2009: par. 229). With the current German Basic Law, certain competences may not be delegated to the European level (such as the deprivation of criminal law, the use of language, family life, education, freedom of opinion etc.) because “they particularly depend on the understanding of culture, history and language” (Piris 2010: 342). However, even if Germany’s constitutional identity is respected, the Court defined another criterion for future transfers of competences: “the level of democratic legitimation of Union power [must be] commensurate with the extent of the competences that have been conferred [to] European decision-making procedures” (German Constitutional Court 2009: par. 317). The BVerfG identifies severe democratic deficiencies at the European level, especially with regard to the composition of the European Parliament. In a ‘conventional’ democratic system, these deficiencies would not allow to declare the Lisbon Treaty constitutional. Only because the Court defines the EU system as an “association of sovereign states”, it must not necessarily comply with criteria of democratic legitimacy that are conventionally applied to national democratic systems.

As long as, and in so far as, the principle of conferral is adhered to in an association of sovereign states with clear elements of executive and governmental cooperation, the legitimation provided by national parliaments and governments complemented and sustained by the directly elected European Parliament is sufficient in principle (German Constitutional Court 2009: par. 262).

This leads to the question of standard models of democracy which are inherently linked to the question of the ‘*finalité politique*’ of the European Union. I will not deal with that question in detail, but Eriksen and Fossum have critically examined the Lisbon judgement. They argue

¹¹¹ See equally the Solange I and II decisions (Haltern 2007: 471).

that the BVerfG judgement is inconsistent because it applies different standards of democracy to assess the constitutionality of the Lisbon Treaty (Eriksen, Fossum 2011). The Lisbon judgement had a much stronger impact on the future integration process than the revision of the accompanying laws to the Lisbon Treaty (Höpner et al. 2010: 326; Thym 2009)¹¹². For future transfers of competences – and in the absence of a reformed European Parliament – democratic legitimacy must inevitably be derived from the German Bundestag.

Table 36: Judgments related to the Eurozone crisis in 2010-2012

Subject Matter	Judgement
EFSF, Economic Adjustment Programme Greece	7 September 2011: In principle, financial guarantees can constrain the fiscal sovereignty of the German Bundestag, but the legislator has latitude of assessment.
EFSF: Division of Competences within the Bundestag	28 February 2012: Only under explicitly defined circumstance, the plenary may delegate competences to a special committee to act on its behalf. An in delegation of competences is only the exception and may not be the rule.
ESM, Euro-Plus Pact: Information rights of the German Bundestag	30 June 2012: Article 23 of the German Basic Law applies for intergovernmental treaties. The government is obliged to inform the Bundestag comprehensively and at the earliest possible time.
ESM Treaty, TSCG	12 September 2012: Preliminary ruling: the ESM and the TSCG are constitutional. Financial guarantees can in principle violate democratic principles. The legislator has latitude of assessment when the amount of financial guarantees in relation to the financial sovereignty of the Bundestag.

Source 56: Own presentation.

In this respect, the diverse judgements related to the Eurozone crisis (see Table 36) are a continuation of the Lisbon and Maastricht rulings. However, these judgements also enter new legal territory since the Court assessed – for the very first time – whether democratic principles can also be violated in an *intergovernmental* setting. As a consequence, the Court accepted that also intergovernmental treaties can violate on democratic principles.

The Court issued four judgements regarding the Eurozone crisis in the 2010-2012 period.¹¹³ The first one dealt with the constitutionality of the first bilateral loans to Greece and the establishment of the EFSF. It was issued in September 2011. The second one dealt with the creation of a so-called ‘Sondergremium’ – a special committee – which was supposed to take decisions on behalf of the Bundestag’s plenary within the EFSF mechanism (February 2012). The third one was concerned with the information rights of the German Bundestag during the

¹¹² The accompanying laws (EUZBBG and EUZBLG) were amended in a relatively short time period in the forefront of the 2009 federal elections.

¹¹³ I have elaborated on three of these four rulings in a 2013 publication. The following description of the rulings is partly based on this previous work (Höing 2013).

negotiations of the ESM and the Euro-Plus Pact (June 2012). And finally, in September 2012, the Court issued a pre-judgement on the constitutionality of the European Stability Mechanism and the Fiscal Compact. All respective treaties were eventually declared constitutional; however, the Court regularly demanded a stronger involvement of the German Bundestag.

First Judgement: EFSF and Bilateral Loans to Greece

On 7 September 2011, the German Constitutional Court had to decide whether the ‘Act concerning the Giving of Guarantees in the Framework of a European Stabilisation Mechanism’ (EFSF) and the ‘Monetary Union Financial stabilisation Act’ (the first financial facility for the Hellenic Republic) were compatible with the German Basic Law. Both claims were accepted on the ground of possible infringements of article 38 (1) of the German Constitution, i.e. a violation of democratic principles. The plaintiffs argued that the elections to the German Bundestag would become meaningless if a significant amount of public expenditures was decided upon by European institutions. German citizens could no longer take part in the political will formation of the political system if their elected representatives were constrained by decisions of former governments. Both, the EFSF and the first financial assistance package to Greece were limited in time and scope which distinguishes them from the European Stability Mechanism. The EFSF was supposed to expire in 2013, and the financial assistance to Greece was designed as a non-recurring act. Despite these limitations in scope and time, the BVerfG underlined that “the decision on public revenue and expenditures is a fundamental part of the ability of a constitutional state to democratically shape itself” (German Constitutional Court 2011: par. 122). Consequently, budgetary authority of the German Bundestag may not be transferred to other actors by means of “imprecise budgetary authorisations” (ibidem). The Court decided that the legislature has a latitude of assessment on the probability of having to pay out financial guarantees. There is thus no absolute ceiling up to which the German Bundestag is allowed to give financial guarantees. Nonetheless, the Court decided that all provisions must be interpreted to the effect that the Federal Government will always be obliged to obtain prior approval of the parliament before financial guarantees are granted. Furthermore, the legislator must make sure that future parliaments remain the central institutions to decide on public revenues and expenditures and thus remain able to shape political life. The reason for the dismissal of the claims was that the plaintiffs did not present “a concrete context which indicates a supplementation of primary Union law by measures outside the Treaty structure that is due to the impugned measures” (German Constitutional Court 2011: par. 105). The relevance of the judgement derives from the fact that democratic principles can be violated in *intergovernmental* treaties, and that the German Bundestag must remain the ultimate decision-makers to issue financial guarantees to financially stricken Member States.

Delegation of Competences Within the EFSF Framework

Not only had the amount of financial guarantees been disputed, but also the decision-making procedures within the German Bundestag. Under what conditions must the entire plenary agree to EFSF-related measures, and when can they be delegated to committees of the German Bundestag? Alongside the extension of credit facilities under the EFSF in September 2011, the federal government envisaged the establishment of a special committee empowered to take decisions on behalf of the Budget Committee in cases of urgency and confidentiality. Although composed of only nine members, the special committee was supposed to reflect the majorities of the Bundestag's plenary. The full involvement of the Budget Committee was feared to potentially hamper efficient decision-making, especially in the light of the fast pace with which financial markets operate (German Constitutional Court 2012b: par. 88). Two members of the then oppositional Social Democrats filed an action against the delegation of competences within the Bundestag (Art. 3: par. 3 and Art. 5: par. 7, EFSF Treaty); they were initially not supported by the majority of their parliamentary party group. The plaintiffs argued that their parliamentary rights as elected representatives of the German people were severely constrained by the delegation of competences to a Sondergremium. Furthermore, a committee of nine people only could not adequately reflect the majorities in the Bundestag plenary. The government foresaw the establishment of the Sondergremium as an exceptional case only. The special committee would only take decisions if the entire plenary or the budget committee could not convene a session in time. The overall budgetary responsibilities would remain with the German Bundestag in its entirety. Only decisions requiring strict confidentiality and urgency could be taken by the newly created committee. The German Constitutional Court essentially followed the arguments of the plaintiffs and declared the so-called Sondergremium unconstitutional in its current composition: "The German Bundestag complies with its function as a body of representation in its entirety and through the participation of all its Members" (German Constitutional Court 2012b: par. 102). The German Basic Law does not allow for a differentiation of powers for members of the German Bundestag, i.e. that only a few representatives may take decisions with major financial implications.

The Sondergremium still exists. However, its field of activity has been narrowed down to the effect that it is practically not used. In the first version, the federal government did not sufficiently define what they meant by urgency and confidentiality. The strict definition now reduces the relevance of the Sondergremium significantly.

Information Rights of the German Bundestag

The information rights of the German Bundestag were equally disputed during the crisis management. In late 2010, the European Council decided on the establishment of the so-

called Euro-Plus Pact and “a permanent crisis mechanism to safeguard the financial stability of the euro area as a whole [which is based] on a limited treaty change required to that effect, not modifying article 125 TFEU” (European Council 2010d). These negotiations were thus on-going for several months. The German Basic Law (as well as the EUZBBG) stipulates in article 23 that the Bundestag shall “participate in matters concerning the European Union”. It was, however, disputed whether the Euro-Plus Pact and the ESM were ‘European matters’ since both treaties have been established outside the EU legal framework. The federal government argued that the comprehensive information rights of the parliament would not apply to instruments which have been established outside of the EU legal framework. There was thus no need to comprehensively inform the German Bundestag about on-going negotiations. During the negotiations, the Bundestag did only rarely receive information in writing and had limited possibilities to issue mandates in order to influence the government’s position during the negotiations. Alliance 90/ the Greens sued the federal government for not sufficiently informing the German Bundestag on the on-going negotiations at the European level. In its judgement on 19 June 2012 Karlsruhe clarified that the ESM and the Euro-Plus Pact showed sufficient proximity to EU law. European matters are essentially not restricted to EU legislative proposals, but equally apply to treaties under international law (German Constitutional Court 2012a: par. 100). Again, the Court extended its jurisdiction to the intergovernmental area and strengthened the information rights of the German Bundestag.

Preliminary Ruling on the ESM and the TSCG

As elaborated in C.2.1.2, individual MPs, parliamentary party groups (*The Left*) and non-parliamentary actors announced to file actions against the establishment of the European Stability Mechanism and the Fiscal Compact. The Federal President of Germany did not sign the ESM and TSCG ratification laws until the German Constitutional Court issued its judgement on 12 September 2012. The Court eventually dismissed a provisional order to declare the ESM unconstitutional, but defined two major conditions. First, Germany’s payment obligation may not exceed the clearly defined limit of €190 billion. This had to be ensured with a legally binding statement from the federal government. The amount can only be altered if explicitly approved by the German representative in the ESM board – who must be mandated by the German Bundestag. This is in line with the previous EFSF judgement which prohibited any kind of “imprecise budgetary authorisations”(German Constitutional Court 2011: par. 122). Second, several obligations requiring confidentiality (Art. 32(5), Art. 34, Art. 35 ESM Treaty) may not restrict the information rights of the German Bundestag and Bundesrat (German Constitutional Court 2012: par. 136). Again, this judgement strengthens the German Bundestag formally and underlines that all legitimacy is essentially derived from the nation state. It therefore follows the reasoning of previous judgements on the one hand, but also expands parliamentary participation rights to intergovernmental treaties.

C.2.1.3 Conclusion German Case Study

The analysis revealed that Germany's strong parliamentary participation rights within the ESM are primarily result from the judgements of the German Constitutional Court. The discourse on the Bundestag's ESM involvement had a strong legal dimension from the start. The Court in Karlsruhe as well as policy-makers argued that in the absence of a European source of democratic legitimacy, all decisions affecting budgetary prerogatives must be derived from the nation state. The strong formal prerogatives of the German parliament in EU affairs are equally a result of this logic. With its decision on the Maastricht Treaty, the European Arrest Warrant and the Lisbon Treaty, the BVerfG initiated debates in the German parliament to reconsider its position in EU affairs vis-a-vis the federal government. The strengthening of the German Bundestag is therefore both, a direct result of BVerfG judgements and an evolutionary process (Ruppert 2011). Based on the initiatives from parliamentarians of all party groups, the Bundestag strengthened the rights of the parliament in the reformed EUZBBG in 2013 – the only law that had been adopted with an all-party approval in the 2009-2013 legislative period. Returning to the research question (what determines parliamentary involvement in the ESM affairs?) the answer for the German Bundestag is necessarily complex: Germany's favourable macro-economic situation has set strong incentives for encompassing parliamentary participation rights. A failure of the crisis management and a break-up of the Eurozone – with or without financial assistance – would have caused immense financial losses for the German economy and Germany's taxpayers. The involvement of the Bundestag guarantees that the decisions on public expenditures and revenues remain with the German parliament, even if its sphere of action necessarily remains bound to the national territory (see again A.3). Eurosceptical sentiments hardly influenced the decision on stronger parliamentary involvement. Opposition to the ESM was particularly strong *outside the German parliament*. And the strong political and constitutional requirements to ratify the ESM treaty were mainly used to negotiate political side payments at the European level. The Bundesverfassungsgericht emerged as the central guarantor of strong parliamentary involvement, reducing the need for opposition parties to insist on far-reaching prerogatives for the German Bundestag. Since the discourse on parliamentary involvement was predominantly a legal one, resistance to Germany's participation in the ESM gradually ebbed away after the BVerfG's judgements. It is still correct to assume that Germany's strong macro-economic situation in combination with strong formal prerogatives in EU affairs account for stronger ESM parliamentary involvement. However, the Bundestag's prerogatives in EU affairs are partly already a result of rulings of the Court in Karlsruhe. The strong position of the German Bundestag in EU and ESM affairs can therefore only be understood by taking into account the decisive role of the German Constitutional Court.

C.2.2 The Austrian Nationalrat

The Austrian Nationalrat is often described as being relatively strong on paper (Auel et al. 2015; Bergman et al. 2003; Raunio 2005; Winzen 2012), but de-facto not very influential in EU affairs. Already in 2001, Blümel and Neuhold therefore noted: the Austrian parliament is a “rather good example of the discrepancy between legal provisions and practical implications” (Blümel, Neuhold 2001: 336). However, this has not always been the case. When Austria joined the European Union in 1995, the Nationalrat passed a relatively high number of binding resolutions in order to mandate the government in Council negotiations at the European level. Pollak and Slominski attribute this pattern to a short period of a “cooperative atmosphere”: the government needed opposition support for constitutional amendments and agreed, in return, to seek agreement on binding mandates for the government (Pollak, Slominski 2003: 714). In 1995, sixteen out of eighteen binding resolutions were supported by the governing coalition and at least one opposition party. Once the support of the opposition for constitutional amendments was no longer needed, cross-party cooperation suddenly “seemed to be a thing of the past” (Pollak, Slominski 2003: 715). Between 1997 and 2001, the opposition did not support a single motion of the government, and vice versa. Furthermore, binding the government too strictly in EU negotiations was eventually regarded as ineffective. Succinctly, the Austrian Nationalrat played a rather influential role in EU affairs during a short period where grand majorities were required to amend the constitution. However, it made less use of its formal prerogatives once the new scrutiny system was in place.

A similar pattern can be observed concerning the ratification of the ESM treaty. Again, the governing coalition of the SPÖ (Social Democratic Party of Austria) and ÖVP (Austrian People’s Party) relied on opposition support to modify article 136 TFEU. Similarly to the debate surrounding the accession to the European Union, political parties negotiated formal instruments to better control government activities at the European level. For a relatively short time period, it seemed that the Austrian Nationalrat would not only be formally strengthened in ESM affairs, but also live up to its legal capacities and make full use of its reinforced formal prerogatives. Opposition and government parties alike emphasized the exceptionally strong role of the Austrian Nationalrat in ESM affairs after agreeing on its ratification in July 2012. The then-finance minister (ÖVP) announced: “Austria preserves encompassing participation - and veto rights. With the accompanying laws, the Nationalrat’s power is comparable to that of the German Bundestag, yet stronger than most other European parliaments” (Kronenzeitung Online 2012).

The parliamentary practice of accompanying the day-to-day policy-making of the ESM suggests, however, that the government is not as dependent on parliamentary approval as legal provisions suggest, and that cross-party cooperation in ESM affairs is now rather the

exception than the norm. Evidence derived from interviews in March 2015 indicates that the salience of ESM affairs has decreased substantially in the Nationalrat, and that the theoretically strong parliamentary involvement in ESM affairs faces difficulties when translated into political reality (more below). Despite cross-party cooperation between the governing SPÖ, ÖVP and the Green Party, the degree of politicization of EU politics is much higher in the Austrian Nationalrat than, for instance, in the German Bundestag (Miklin 2015: 389). The opposition FPÖ (Austria's Freedom Party) and BZÖ (Alliance for the Future of Austria) have an explicit Eurosceptical agenda and vigorously opposed the ratification of the ESM treaty (Puntscher-Riekmann, Wydra 2013: 567f). In their opposition, they were partly supported by Austria's largest tabloid, the *Kronenzeitung*, which regularly mounts anti-EU campaigns (Miklin 2015: 389). Unlike Germany, Eurosceptical parties in parliament are right wing populist parties. Their opposition to the European Stability Mechanism focussed on issues such as 'wasting taxpayer's money' and paving the way to a 'transfer union'. Also, the question of sovereignty played a more prominent role in parliamentary debates. Contrary to the German *Left*, FPÖ and BZÖ explicitly demanded a public referendum to ratify the ESM treaty. This political request sharpened the tone of the already heated ratification debate in Austria. Cross-party cooperation was required since the share of pro-European parties in the Austrian parliament (SPÖ, ÖVP and the Greens) was only one seat above the two-thirds majority (see Interview Db). Two-thirds majorities were needed in both parliamentary chambers to modify article 136 TFEU. This allowed the Green Party to negotiate side payments for voting in favour of the ESM treaty, although the ESM treaty and the Fiscal Compact only required simple majorities. During these negotiations, the rather strong participation rights of the German Bundestag and the judgements of the German Constitutional Court were a recurrent theme.¹¹⁴ In the negotiations leading to the ratification of the European Stability Mechanism, the participation rights of the Bundestag served as a 'role model' for Austrian lawmakers (see especially Konrath 2012: 2).

Against this background, Austria is a highly interesting case to trace back the development of strong parliamentary prerogatives in ESM affairs. In doing so, this subchapter will first briefly elaborate on the parliamentary involvement of the Nationalrat in the diverse rescue mechanisms (the first financial facility for the Hellenic Republic, the EFSF and the ESM) and highlight particularities of the Austrian case.¹¹⁵ Second, it will briefly describe the role of the parliament in EU affairs. Third, the vote to pass the ESM treaty in the Nationalrat will be examined by highlighting the involvement of different parliamentary bodies in the ratification

¹¹⁴ Unlike Germany, *ex-ante* control of the constitutionality of European primary law by the Austrian Constitutional Court is impossible (Puntscher-Riekmann, Wydra 2013: 571). The Nationalrat could therefore not count on the Court to guarantee strong parliamentary involvement.

¹¹⁵ Since the second chamber, the Bundesrat, does only play a subordinate role in day-to-day policy-making, it will not be analysed in much detail in this chapter.

process. Fourth, a detailed analysis of plenary debates and committee hearings¹¹⁶ will be conducted in order to retrace the motives of policy-makers for strong parliamentary involvement. This analysis will be complemented with interview evidence, conducted in March 2015 with representatives from governing and opposition parties. The conclusion of this chapter tries to assess in how far the favourable macro-economic situation combined with relatively strong formal prerogatives in EU affairs accounts for the strong involvement of the Austrian parliament in ESM affairs (as suggested in chapter C.1). It will especially challenge the assumption that Eurosceptical attitudes as well as high political and constitutional requirements to ratify the ESM treaty can be interpreted as redundant to explain strong ESM involvement in Austria.

C.2.2.1 Parliamentary Involvement in the Diverse Rescue Mechanisms since 2010

Unlike any other country, the involvement of the Austrian Nationalrat in the diverse rescue mechanisms has been subject to huge variation. Austria already provided financial assistance to Romania and Bulgaria in 2009 in the so-called Vienna initiative (see European Investment Bank 2011). The legal basis to provide financial assistance was thus already established with the *Zahlungsbilanzstabilisierungsgesetz* (balance of payments stabilization law). This law was used to regulate parliamentary involvement in the first bilateral loans to Greece as well as in the EFSF in 2010. Both of these measures had been decided under immense time pressure and little parliamentary deliberations took place. Within both mechanisms, the participation rights of the Nationalrat had been modest. Decisions on financial assistance were exclusively taken by the ministry of finance; the Austrian Nationalrat ratified the balance of payment stabilisation law once and was no longer involved in decisions to release sovereign aid packages or financial tranches therein. The Deutsche Bank consequently classified the parliamentary prerogatives of the Nationalrat in EFSF affairs as weak (see again Heinen, Theiss 2011). However, the ESM now foresees strong participation rights: in order to grant stability support to an ESM member (Art. 13(2) ESM Treaty) or to change the list of financial assistance instruments (Art. 19 ESM Treaty), the Austrian representative in the ESM Board of Governors as well as in the Board of Directors must have a mandate by the plenary of the Austrian Nationalrat (Konrath 2012). Only in cases of urgency, a competent standing sub-committee may take this decision on behalf of the plenary. After the ratification of the ESM treaty, the Austrian Minister of Finance declared: “The participation rights of the Austrian parliament within the ESM are the strongest in Europe” (Der Standard Online 2012). Similarly, the SPÖ finance spokesperson, Jan Krainer, declared: „Against the falsehood of the FPÖ and the BZÖ, the budgetary sovereignty of the Austrian Nationalrat remains protected!”

¹¹⁶ Additionally, committee hearings surrounding the ratification of the ESM treaty in June and July 2012 will be analysed.

(see *ibidem*). Comparing the EFSF with the ESM provisions, Austria is indeed the country which extended its parliamentary participation rights the most and belongs – at least on paper – to the parliaments with the strongest parliamentary involvement. In order to understand ESM parliamentary involvement, the role of European Affairs in the Austrian Nationalrat must be examined in a first step. As mentioned above, the Nationalrat is often described as being relatively strong in EU affairs on paper, but *de-facto* less influential. The encompassing participation rights in the ESM thus represent a reinforced position of the parliament which goes beyond established parliamentary routines.

Miklin describes the parliamentary scrutiny system of EU affairs in the Nationalrat as built on three legal pillars: First, the Austrian Constitution (*Bundes-Verfassungsgesetz*, B-VG) defines in article 23 (a-k) the general rights of the parliament vis-à-vis the government. The parliament must, for instance, be constantly informed about negotiations at the EU level by the federal government. Second, these rights are specified in the Rules of Procedures of the first¹¹⁷ and second chamber¹¹⁸, detailing the administrative procedure of how to handle EU affairs concretely. Third, since January 2012, an EU information Law¹¹⁹ is in force which codifies a number of existing practices (Miklin 2015: 390). At the core of these pillars is a solid, constitutionally guaranteed mandating system. The European Affairs Committee of the Nationalrat can formulate legally binding mandates that the government representative must respect in EU negotiations. Similar to the German case, deviations “for urgent reasons of foreign and integration policy” are possible in exceptional circumstances: however, only after the EAC has been re-consulted (Miklin 2015: 391). These far-reaching formal prerogatives nonetheless face conditions that hinder an effective parliamentary scrutiny of EU affairs: The parliamentary administration of the Nationalrat is not as well equipped as, for instance, the German administration. Parliamentarians do often not have sufficient financial resources to hire own assistants for their daily administrative work (Miklin 2015: 390).¹²⁰ Most of the parliamentary party groups employ one or two clerks specialising in EU affairs who do the preliminary work for a number of MPs. Furthermore, since the total number of parliamentarians is relatively small, MPs are usually sitting in various committees. Parliamentarians are members of, on average, four to five different standing committees. It is thus rare that MPs exclusively specialise in EU affairs. This could be an advantage, considering the cross-cutting nature of many EU legislative proposals. From a policy- or vote seeking perspective, however, the low salience of EU affairs makes it unlikely that MPs pay

¹¹⁷ *Geschäftsordnungsgesetz Nationalrat*.

¹¹⁸ *Geschäftsordnungsgesetz Bundesrat*.

¹¹⁹ *EU-Informationsgesetz, EU-InfoG*.

¹²⁰ The parliamentary administration of the Nationalrat has recently been improved. The government does, by now, provide explanatory memoranda on legislative EU proposals and has upgraded the electronic database with which MPs can search for legislative proposals (Miklin 2015: 392). As a consequence, there seems to be a higher potential to influence EU policy-making nowadays.

much attention to the scrutiny of EU legislation. Finally, the electoral system is dominated by party lists. This makes criticizing the government a risky undertaking and points to a general shortcoming of scrutinising EU affairs in national parliaments (see especially Auel 2007). The voting cohesion of parliamentary party groups in Austria is quite high while open criticism of the government's EU policy remains rare.

C.2.2.1.1 Parliamentary Involvement During the ESM Ratification

The ratification of the ESM treaty has not been scrutinised as a classical EU affairs legislation. It has occupied a huge amount of time from MPs with varying backgrounds. In contrast to Germany, the European Affairs Committee was not involved in the scrutiny of the ESM, Fiscal Compact or the modification of article 136 TFEU. The Finance Committee as well as the Constitutional Committee took the lead in the scrutiny process. Two separate hearings for the ESM and the Fiscal Compact were organised with 20 external experts. The fact that two committees organised hearings for the same subject matter is rather unusual for the Nationalrat (Tamandl 2012: 44). The hearings alone lasted for more than ten hours. The debate within the Constitutional Committee (15 hours) and the Finance Committee (18 hours) have also been an exceptionally long, as members of the governing SPÖ emphasised during the ratification debate in July 2012 (Wittmann 2012: 41).¹²¹

C.2.2.1.2 Voting

To ratify the ESM treaty, the Nationalrat agreed on six different proposals, while one opposition motion was voted down. They can be found in Table 37. Standing rules do not foresee that parliamentarians can abstain from a vote, but must vote either yes or no. First, the modification of article 136 TFEU had to be ratified with a two-thirds majority in the plenary. All votes were taken by name. The proposal was supported by 125 parliamentarians and opposed by 53. The opposition FPÖ and BZO opposed the measure, while the governing SPÖ and ÖVP – together with the Green Party – voted in favour. Second, the ESM treaty was ratified with 126 votes (opposed by 53 MPs) and thus resembled the voting pattern for the modification article 136 TFEU. Despite initial hesitations, the Green Party voted in favour of the ESM treaty (Austrian Nationalrat 2012c) for which only a simple majority was required. Third, the ESM accompanying law (Austrian Nationalrat 2012b) – which is legally the modification of the Federal Law Gazette – as well as, fourth, the modification of the Rules of Procedure was supported by 124 (respectively 126) parliamentarians, while 51 (respectively 52) parliamentarians opposed it. These instruments regulate the concrete involvement of the Nationalrat in ESM affairs domestically. While the ESM treaty only states that the Board of Governors of the ESM takes decisions, the accompanying provisions specify under which conditions the Austrian representative can give its consent to a decision. The opposition FPÖ

¹²¹ The ratification debate on July 4th took six hours and was broadcasted live in the Austrian television.

demanded a public referendum before the vote on the accompanying law was held. This motion was voted down, with only 54 parliamentarians supporting it. Fifth, the parliament had to modify the federal financial law (*Bundesfinanzgesetz*) which received 126 yes and 53 no-votes. Again, the Green Party voted with the governmental majority. Sixth, two separate motions to introduce a European Convent to change the Lisbon Treaties – a concession the Green Party negotiated (more below) – found parliamentary approval. The Fiscal Compact, on the other side, was only supported by the two governing parties and opposed by the Greens. A separate debate was held to ratify the TSCG.

Table 37: Vote on ESM treaty and related legislation

Proposal	Yes Votes	No Vote
Modification Article 136 TFEU	125	53
ESM Treaty	126	53
Modification Federal Law Gazette	124	51
Modification Rules of Procedure	126	52
Holding a public referendum on the ESM treaty	54	124
Modification Federal Financial Law	126	53
European Convent ¹²²	n.a.	n.a.

Source 57: (Austrian Nationalrat 2012).

C.2.2.2 Ratification Debate

The ratification debate on 6 July in the plenary of the Nationalrat had some special characteristics. First – and similar to the German case – the opposition tried to change the agenda of the plenary session before the start of the debate. While the German *Left* had argued that decisions by the previous European Council summit had made the proposals on the agenda redundant (see again chapter C.2.1.1.2), the FPÖ argued on principled grounds, namely that the introduction of the European Stability Mechanism would de-facto change the Austrian constitution and thus require a public referendum (Fichtenbauer 2012; Westenthaler 2012). The leader of the opposition FPÖ, Hans-Christian Strache, argued that the ESM paved the way to an authoritarian system (Strache 2012: 31) and resulted in an “enabling law” (*Ermächtigungsgesetz*) with dictatorial powers for the ESM board of governors (Strache 2012: 32). Experts in the Constitutional and Finance Committees had denied the necessity to hold a public referendum (Austrian Nationalrat 2012d); government representatives and the Green Party alike consequently voted down the motion. Some Green Party representatives

¹²² The motion to establish a European Convention was passed, although the stenographic protocol does not list the amount of yes and no-votes.

nonetheless expressed their sympathy for the general concerns that the ESM poses a risk for democratic self-determination (Glawischnig-Piesczek 2012; Kogler 2012). Removing a vote from the agenda, however, was only feasible if the parliament did not have sufficient time to scrutinise a legislative proposal. Speakers from the majority thus argued that the parliament intensively debated the European Stability Mechanism – including public hearings – and that there was consequently no need to change the agenda of the plenary session (Auer 2012: 36; Cap 2012: 33).

Second, during the heated debate, the opposition tried to initiate a motion of no confidence against the federal government. This motion did not find support in the plenary. Several fines were imposed against speakers of the opposition for repeatedly breaking the house rules of the Nationalrat. When the Austrian chancellor, Werner Faymann (SPÖ), started his government declaration, members of the BZÖ uphold a poster demanding: “Public referendum now. Stop the ESM!”. The President of the parliament had to admonish the parliamentarians to take the poster down before the chancellor could proceed with his speech. Although EU affairs are regularly contested in Austria, the degree of politicisation in this ratification debate was unusually high. Third, the debates on the ESM and the Fiscal Compact were separated. They were treated as two independent subject matters. The Green Party, while supporting the ESM ratification, announced to file an action against the Fiscal Compact before the Austrian Constitutional Court (Austrian Nationalrat 2012a) to assess its constitutionality.

The conditions accompanying the ratification of the ESM treaty in the Austrian Nationalrat were thus different from the situation in the German Bundestag. Two right-wing populist parties, occupying nearly one third of the seats, fiercely opposed the ratification of the ESM treaty. And the only opposition party supporting the ratification of the ESM treaty simultaneously opposed the ratification of the Fiscal Compact. During the debate, speakers from all political parties emphasised the favourable macro-economic situation of the Austrian Republic, although they differed in their assessment whether this was due to Austria’s membership in the common currency union or despite that fact. Government and opposition representatives alike appreciated that much was at stake economically. More than one million jobs would depend on the functioning of the monetary union (Cap 2012: 34) and Austria’s high employment rate could only be maintained if the monetary union survives (Faymann 2012). The chairman of the governing SPÖ put that succinctly: “I say this to let the Austrian taxpayers know: we have you in mind. To be honest, the ESM and the money which we provide – we do this out of self-interest – because we want that the Euro [...] remains stable, and we want to protect our own position and our own economic development” (Cap 2012: 34). During the hearing of the Constitutional Committee, a representative of the Austrian Nationalbank underlined that Austria, as a small open economy, had a strong economic interest in a European solution. He argued that the current ESM would simply be a further

development of already established procedures, though more efficient and on a permanent basis (Mooslechner 2012). According to supporters of the ESM treaty, Austria thus had an economic interest in the survival of the Eurozone. However, also warnings that Austrian taxpayer's money could get lost were a prominent theme. ÖVP representatives highlighted that no decision could be taken without at least informing the budgetary committee of the Nationalrat; in most cases, an explicit approval of the plenary was required. The same ÖVP representative made clear that this strong parliamentary involvement was a result of the negotiations with the Green party (Tamandl 2012). Interview evidence with government representatives emphasised that the finance ministry was initially opposed to the idea of a stronger role of the Austrian Nationalrat. The comparison with the German Bundestag, however, provoked a rethinking (interview Da). Understandably, the Green Party sold stronger parliamentary involvement as a success of their negotiation strategy: "Only because of the Greens, we have a parliamentary involvement that we can be proud of" (Musiol 2012: 48). This argument was held against the opposition FPÖ and BZÖ which did not even consider negotiating with the government on the accompanying law. In an interview, an MP of the FPÖ said that his party rejected the ESM out of principled considerations. There had consequently been no reason to negotiate with the government (see interview D2). But also government representatives did not consider negotiations with either the FPÖ or the BZÖ to secure a two-thirds majority in parliament (see interview D1).

C.2.2.2.1 Euroscepticism

This sheds some light on the question whether Eurosceptical parties increase the odds for stronger parliamentary involvement, as hypothesized in chapter B.2.2. The principled rejection of the ESM by the two opposition parties did leave no room for negotiating improvements of handling the ESM in the Nationalrat. Their vocal opposition might have increased awareness of an insufficient parliamentary involvement. However, parties in principled opposition to the rescue mechanisms do not have any electoral incentives to negotiate improvements (in terms of stronger parliamentary participation rights), even if their votes might be decisive for a given majority threshold. Their electorate demands principled opposition, rather than gradual improvements in parliamentary participation. Consequently, the FPÖ and BZÖ did not regard stronger parliamentary involvement as a 'success' of the Green Party. By contrast, the former minister of defence (BZÖ) attacked the Greens during the plenary debate: "If you seriously say that these are the best parliamentary participation rights in Europe, then I feel deeply sorry for all other European countries. If you are seriously satisfied with a subcommittee – convening sessions in secret – deciding by simple majority whether the money of Austrian taxpayers goes to Brussels, Madrid, Athens or Cyprus, then this might be satisfactory for you. For us, it is clearly not!" (Scheibner 2012: 37). In contrast to Germany or France, Austria cannot veto decisions in the ESM Board of Governors since its

in-paid capital is too small (Westenthaler 2012: 46, Strache 2012b: 64). This assessment was confirmed in interviews when opposition representatives described the parliamentary participation rights as a simple „placebo“ (see interview D2). By voting for the ESM treaty, and against a public referendum, the Green Party has “once and for all lost its role as an opposition party. Do never talk about public referenda again! You have sold your soul!” (Westenthaler 2012).

C.2.2.2.2 Package Deals

The Green Party indeed struggled within its own party ranks to ratify the ESM treaty. In their negotiation strategy, they therefore not only focussed on stronger parliamentary participation within the ESM, but also on other political side payments at the European level: in a separate resolution, the governing parties and the Greens committed themselves to lobby for a financial transaction tax (Kogler 2012). Furthermore, the Austrian government promised to campaign for a European Convent to renegotiate the Lisbon Treaty (Faymann 2012; Glawischnig-Piesczek 2012) with the aim to integrate the ESM and Fiscal Compact into European primary law and to give the European Parliament a stronger say in these new mechanisms. This has not been realised until today. However, the political situation in the summer of 2012, with the election of a Socialist President in France, seemed to make a general reorientation of economic policies possible (Wiener Zeitung Online 2012).

C.2.2.3 Conclusion Austrian Case Study

Based on the findings of the fsQCA, the question arises whether Euroscepticism and high political and constitutional requirements to ratify the ESM treaty did play a role for stronger parliamentary involvement in ESM affairs. Euroscepticism was indeed more strongly pronounced in Austria than in Germany. There was a much louder vocal opposition to the ratification of the ESM treaty in the parliament. However, this did not influence parliamentary participation rights decisively. The FPÖ and BZÖ formulated a principled opposition to the ESM treaty and did consequently not consider negotiating with the government to secure the two-thirds majority in parliament. From a vote-seeking perspective, this was a logical decision. Opposition to any form of bail-out funds was strongly articulated in the electorate leaning to the FPÖ or BZÖ. In this respect, the assessment that Euroscepticism did not decisively influence stronger parliamentary participation rights within the ESM is correct. When it comes to the constitutional and political requirements to ratify the ESM treaty, the conclusion of the fsQCA must be questioned to some extent. Although government representatives emphasized that they had been in favor of a stronger involvement of the Nationalrat as well, its stronger involvement can be attributed to the negotiations with the opposition Green Party. The Green Party was able to demand concessions for supporting the

amendment of article 136 TFEU, although they were not solely focusing on this issue. These stronger parliamentary powers of the National do nonetheless face difficulties in political reality, as outlined in the introduction to this sub-chapter. The Austrian legislator assumed that the procedure to grant financial assistance would be applied more strictly at the European level. The procedure foresees that the Board of Governors first takes the political decision – by unanimity – to grant financial assistance to an ESM Member State. In a second step, the ECB, the European Commission and the IMF negotiate the memorandum of understanding. In a last step, the final decision on financial guarantees is taken by the Board of Governors. For each of these three steps, the Austrian legislator had outlined detailed parliamentary involvement. In practice, however, these three different decisions were taken more or less on the same day (see interview Db), as the financial assistance to Cyprus in March 2013 had shown. Also, the functioning of the sub-committees for ESM affairs faces difficulties. One of the two sub-committees on ESM affairs was supposed to take decisions on behalf of the budget committee or the plenary. These provisions were basically “copied” from the German accompanying laws (see interview Da). In contrast to the German Bundestag, however, no ‘Geheimschutzordnung’ (secrecy order) exists in the Austrian Nationalrat. It could thus not be legally guaranteed that decisions of this committee were not made public by its members. Consequently, the second sub-committee did not convene any session until today, and considerations are on-going to abolish it in the near future (see interview D2). The other ESM sub-committee does convene sessions on an ad-hoc basis. It is informed by the Austrian finance ministry. Its reports are described as “more detailed versions of the statements of the Eurogroup” (see interview Da). Politically, the parliamentary involvement of the Austrian Nationalrat does nonetheless play a role, as anecdotal evidence suggests. In fall 2011, the extension of the EFSF was negotiated in the budgetary committee. The head of the budgetary committee tried to fasten the process and proposed to include the EFSF extension on the committee’s agenda. The agenda of this committee session was, however, already fix and could only be amended with a two-third majority. Members of the committee refused to change the agenda and the decisions had to be postponed. An ambiguously formulated press release gave the impression that the Austrian parliament had refused the extension and reform of the EFSF, and Bloomberg Austria reported that event. Since the approval of all national parliaments was required, the press release shocked financial market participants. The Dow Jones lost 200 points within one hour – unless a new press statement was released to clarify the issue. This incident exemplified that the involvement of a single, small parliament can indeed have a decisive impact and the management of the Euro crisis.

C.2.3 Irish Dáil Éireann

From all countries receiving financial assistance during the Eurozone crisis, Ireland is probably the one that has so far recovered the most from economic recession. In 2014, Ireland became the fastest growing economy in the European Union (with a 4.8% GDP growth rate, but also with a gross public debt still at 110.8%¹²³). Although high growth figures are not unusual after an economic downturn, Ireland could exit the financial assistance programme in December 2013 without entering into a new or a precautionary assistance programme (see Darvas et al. 2014). To achieve this Ireland had to implement substantial budgetary and current-account adjustments, it still faces an above-average unemployment rate and there is no guarantee that the Irish public debt has yet reached a sustainable level. Furthermore, Ireland automatically enters into a post-programme surveillance phase¹²⁴ until 75% of the outstanding loans have been repaid. It is thus still under enhanced economic surveillance of the European Commission. The former Irish government requested financial assistance from the EFSF/EFSM/IMF on 21 November 2010. It was the first country to request assistance from one of the newly created bailout funds. The bailout programme was negotiated between the Irish government and the former Troika; it initially consisted of €85 billion of which €35 billion were foreseen for the banking sector. With the so-called Memorandum of Understanding, Ireland committed itself to strict conditionality in the area of fiscal policy, including the banking sector and the economy in general. A European Commission report from February 2014 concludes that Ireland's fast economic recovery was only possible because the country benefited "from its large degree of economic openness and flexibility." This distinguishes the Irish economy significantly from the Greek and Portuguese one where drastic structural reforms had been demanded by international lenders. Furthermore, "the numbers [...] suggest [...] that the macroeconomic assumptions underlying the [Irish] programme were sufficiently robust" (European Commission 2014b: 32). Not all budget cuts initiated by the Irish government, however, were a direct result of the harsh austerity measures demanded by the MoU. In order to preserve access to financial markets, some of these measures were already enacted before the Memorandum of Understanding came into force. This makes it challenging to single out the influence of the MoU on budget cuts, as well as the potential influence of the Oireachtas in the process of negotiating the MoU: first, also without a bailout, financial market participants would have pressured Ireland to reduce its public spending significantly. Second, some far-reaching measures had already been enacted before the MoU came into force. And third, the Irish parliament is dominated by the executive "through a machinery of tightly exercised party political control" (Barrett 2015: 291). In terms of data, an assessment of the influence of the parliament is also hampered by the fact

¹²³ But also this number had fallen from 123.8%, see B.4.1.1.

¹²⁴ Details of PPS are set out in Article 14 of Regulation 472/2013 on the strengthening of economic and budgetary surveillance.

that documents provided to the committees in the Irish parliament are not made publicly available.

This chapter will nonetheless approximate an assessment of the parliamentary influence of the Irish Oireachtas in negotiating the Memorandum of Understanding. It analyses evidence from eight expert interviews conducted in October 2013, an assessment of a European Commission report on the role of the troika (European Commission 2014b) as well as a variety of secondary sources. The role of the Irish parliament in EU affairs will be assessed in a first step to put parliamentary involvement in EU affairs into perspective.

C.2.3.1 Parliamentary Involvement in EU Affairs

The Irish parliament is commonly regarded as rather weak vis-à-vis the government, both in domestic and European affairs. It can neither legally bind ministers in Council negotiations nor does it possess the right of a scrutiny reserve. The minister must not even have regard to any recommendation made by the plenary of either chamber or committee. The minister has the right to deviate from any parliamentary recommendation if he or she believes that there is not sufficient time to inform parliament in advance (Barrett 2015b, 292). The former minister for education and energy, Eamon Ryan, therefore concluded that the Oireachtas committees “have proved incapable of providing effective oversight” of European Union legislation. Also the minister of State, Alex White, admitted that it was “manifestly the case [that] we have serious deficiencies in our parliamentary system in regard to the scrutiny of European Union proposals” (quoted in Barrett 2013). Other government representatives nonetheless claim that the parliamentary system ensures that all EU legislation “is given full consideration” (ibidem). Indeed, there are some narrowly defined policy areas in which the approval of both Houses must be obtained before a government representative is allowed to take decisions at the European level: Article 29 of the Irish Constitution defines these policy areas, for instance defence, enhanced cooperation, the area of freedom, security and justice or the Schengen Protocol. As Barrett points out, however, such motions are always approved by the plenary, “normally without any debate” (Barrett 2015: 293). An effective EU scrutiny is furthermore hindered by the very low salience of EU affairs in the parliamentary work. Parliamentarians tend to prioritize the work in their constituency. The highly competitive voting system by single transferable votes makes the engagement with national or local issues far more rewarding for MPs than the scrutiny of European topics. As a consequence, “the Irish Parliament has neither enough prerogatives at its disposal nor enough parliamentarians who are willing to make full use of those it already holds” (Barrett 2015: 303). Nonetheless, there have been attempts to strengthen the Irish Parliament in EU affairs. Since 2011, the Taoiseach (Prime Minister) gives a government declaration in the forefront of each European Council

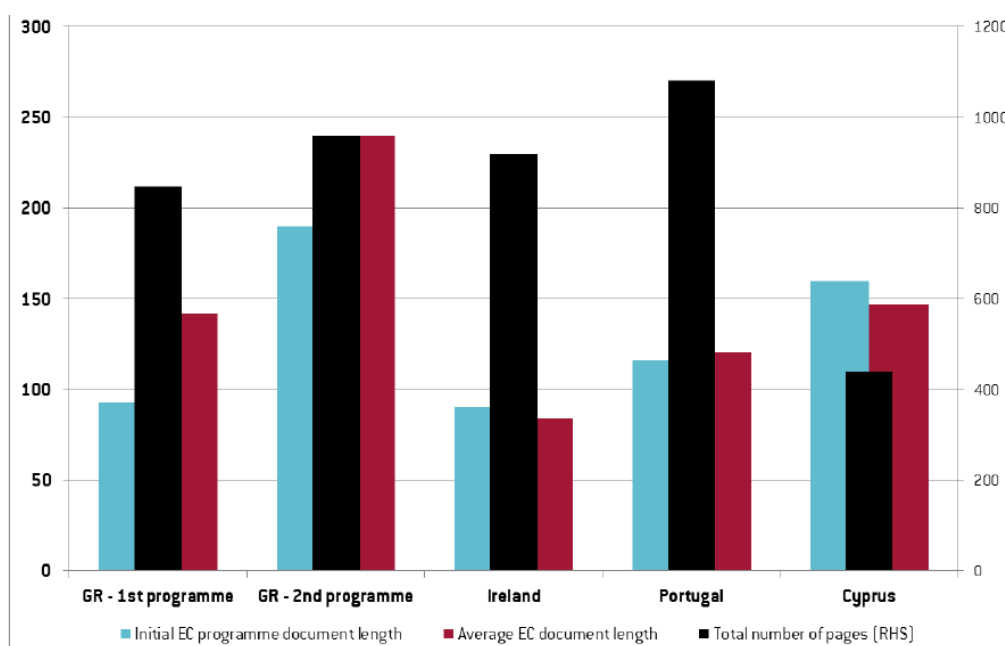
meeting or Eurozone summit. This ex ante control is normally not followed by an intensive parliamentary debate. Recently, the foreign minister has occasionally substituted the Taoiseach in carrying out this task. Early assessment of this new scrutiny tool highlight that the prospects and outcomes of European Council sessions are “unsurprisingly viewed through the prism of national economic interest in Dáil debates” (Barrett 2015). The Irish parliament consequently plays only a subordinate role in EU affairs. Another particularity of the Irish system is that changes of the constitution always require a public referendum. Recent treaty EU reforms have thus been subject to public votes, politicizing some aspects of European integration. The Irish political parties are largely in favour of European integration, and the major parties so far always supported all major treaty changes (with the exception of Sinn Féin and some left-wing independent MPs). Some rather Eurosceptical parties have gained influence in the 2011 general elections, following the official request of the Irish government for financial assistance. However, the current government can rely on an extraordinarily high majority in both chambers. Fine Gael and the Labour Party currently hold more than two thirds of the seats in the Dáil Éireann (the lower House of the parliament). And although Irish voters have recently rejected two major EU treaties (the Nice and the Lisbon Treaty)¹²⁵, the majority of the Irish population is still largely in favour of European integration.

C.2.3.2 The Irish Bailout Programme

The Irish banking crisis and the subsequent bailout programme changed the rather positive attitude towards EU integration in the public and among political parties. It is difficult to assess the intrusiveness of the Irish bailout programme on parliamentary prerogatives. The Memorandum of Understanding was negotiated between the Irish government and the international lenders and involves three types of conditionality: first, fiscal measures aimed at reducing public deficits and debts; second, financial measures to restore the health of the financial sector and third, structural reforms to enhance economic competitiveness (European Commission 2014b: 6). The exact conditions of the programme are concluded between the Irish government and Troika representatives, and then approved by the ESM Board of Governors. An examination of the concluded MoU does therefore not reveal the alleged conflicts preceding the agreement. Furthermore, the Irish programme did not place much emphasis on structural reforms. Ireland’s financial predicament resulted primarily from its banking crisis. Its economy had already been very competitive before the crisis broke out.

¹²⁵ Both treaties have been eventually been approved in second referenda shortly afterwards.

Figure 21: Number of pages in adjustment programme documents



Source 58: (Quoted in: European Commission 2014: 16).

A recent study by Pisani-Ferry et al. (2013) came to the conclusion that the conditionality of programmes had become much more detailed in Greece, while other programmes, including the Irish one, contained less detailed requirements (see Pisani-Ferry et al. 2013). Figure 21 illustrates this finding (see above). The numbers must be interpreted cautiously, since the authors conduct a simple page count to gauge the conditionality of the different programmes. The conditionality of the Greek programme is set out in more than 1800 pages, while the Irish programme contained only above 900 pages. Employment and business matters occupied a prominent place in the Irish programme while requirements for structural reforms had been less intrusive (the focus of the MoU was placed on reforming the banking sector which remained a priority for the duration of the programme). This assessment is in line with interview evidence from October 2013. One government MP confirmed that the agreement with the troika only addressed broad areas of reform, and that the government could substitute measures of equal value with agreement from the Troika: “Increasingly, the EU is requesting that Member States benchmark their progress against common objectives, share their learning with each other and reconfigure their practice in light of the insights gained from this process. This need for organisational review and reform is a vital element of Ireland’s ‘new narrative’ of engagement with the EU” (see interview B6¹²⁶). This, however, cannot overshadow the fact that the Irish sovereign debt programme had been intrusive for the Irish society and economy, and also significantly changed the Irish political landscape.

¹²⁶ The interviewee provided us with personal notes on the subject which he had used for another presentation.

C.2.3.3 Ratification Debate: Memorandum of Understanding

On 15 December 2010 the Dáil Éireann hold a debate and a vote on the bailout package for Ireland which was frequently described as a “sad day” for Ireland (see among others Bruton 2010). The question whether the Irish lower chamber should hold a debate at all and take a vote on the MoU was initially disputed among Irish political parties. The negotiations on the Irish MoU were conducted under immense time pressure; just a week earlier, the board of the IMF in Washington announced its willingness to postpone the decision on the MoU to “show the Irish parliament respect” and give it time for deliberations (Byrne 2010). The Green Party had just left the governing coalition with Fianna Fáil, and international lenders were unsure in how far the deal was incorporated by a potential new government. New elections had already been announced for January 2011. Especially two MPs from the governing Fianna Fáil party insisted on having a debate which was legally not prescribed in the Irish constitution (McGrath 2010). The opposition Sein Féin threatened the government to bring it to the High Court in order to prove the unconstitutionality of pushing through the EU-IMF programme without parliamentary approval (Doherty 2010). Opposition representatives criticised the short amount of time as a “cynical exercise” of the government, intended to force the opposition to say how it will run the country without the EU/IMF deal (see especially Doherty 2010; but also Gilmore 2010). Government representatives, on the other side, thought it was important that the Irish Parliament endorsed the IMF deal in order to show public ownership for the obligations of the programme (Kennedy 2010). The involvement of the Irish parliament in the negotiations to the bailout deal played only a marginal role in the ratification debate itself. The then finance minister emphasized that an own national recovery plan – which committed itself to the retention of the 12.5% corporate tax rate – was embedded into the EU/IMF programme: “This is a key point that needs to be emphasised, as some have suggested that control has been taken out of the Government’s hands. This is not the case” (Lenihan 2010). The low corporate tax rate was one of the most controversial issues in the negotiations with European partners. Remaining in control of setting national tax rates was regarded as keeping the national prerogatives of the government (but not necessarily the Irish parliament). The central controversy between the governing parties and opposition leaders was whether the bailout deal was the best possible deal that could have been achieved. The then major opposition party Fine Gael announced that it would immediately renegotiate the bailout conditions should it be elected into office, especially the high interest rates on the loan. It committed itself, however, to the general objectives of the bailout programme (together with the opposition Labour Party). Interestingly, the leader of Fine Gael, Enda Kenny, had direct contacts with the IMF during the negotiations over the Irish MoU¹²⁷:

¹²⁷ Also the Labour Party met IMF representatives in the forefront of the parliamentary debate (see for instance Quinn 2010).

“When the Fine Gael economic team and I met officials of the IMF and the EU, they made it perfectly plain that, in accepting the overall targets — as we do — [...] they are quite open to discussing again and renegotiating elements of the plan for growth, job investment and a more effective public sector to deliver more effective services. They were very open and asked me to confirm that in writing to IMF headquarters in Washington, which I did” (Kenny 2010). The inclusion of opposition leaders in the negotiations of far-reaching bailout deals is not unusual, as examples in Greece or Portugal have equally exemplified. They are intended to ensure that measures are implemented in the event of government changes. However, even if an opposition leader commits him in writing to accept the general conditions of a bailout deal, the opposition leader is not necessarily mandated by his party or parliamentary party group to do so. Interview evidence from October 2013 confirmed that the large majority of the 2011-2015 government in the Dáil facilitated agreements with international lenders since the government could credibly assure that crisis measures would be adhered to in parliament. Attempts from the Troika to find broader parliamentary support for the MoU in the Oireachtas certainly had a strategic dimension. The deselection of the current Irish government was anticipated, and the IMF searched for ways to guarantee that the negotiated conditions remained in place after a change in government. This strategy has probably been an important factor for Ireland’s efforts to regain trust from financial market participants, as nearly all interview partners confirmed.

Independent MPs expressed their concern that Ireland was used as a test case: “We are being obliged, unjustly and unfairly, to pay for the mistakes made by the banking sectors here and in Europe in respect of reckless lending. We are the puppets dangling at the end of a string and are under the control of elite groups of bankers who are solely motivated by their own interests and preserving their profit margins” (O’Sullivan 2010). Especially German and French banks were accused of benefiting the most from the bailout, and that they were recapitalized with Irish taxpayer’s money. Several MPs therefore pointed to the example of Iceland which managed to negotiate a ceiling on repayments to a share of its economic output (McGrath 2010). Government representatives described the opposition’s intention to renegotiate a better deal as “laughable” (Lenihan 2010) since IMF interest rates are calculated with a standard rate that are not up for negotiations. The government therefore tried to ridicule Fine Gael’s argument that their membership in Angela Merkel’s EPP group could facilitate negotiating a better deal: “The basis for this particular argument is the proposition that Fine Gael is a member of the EPP and Mrs. Merkel’s party also is a member of the EPP. Consequently, the feeling appears to be that Fine Gael can make a telephone call to Mrs. Merkel and that she will put in the fix on behalf of that party with the Commission. I am disappointed by this line of argument, which has been made repeatedly on the other side of the House. The suggestion gives pot-hole politics an entirely new dimension” (Roche 2010). The upcoming Irish government (from early 2011 onwards) did renegotiate some elements of

the bailout deal during the course of the programme (European Commission 2014b: 23). Relaxation on some aspects of the programme had also been granted to Portugal or Greece (not by the IMF, but by European lenders though). The core elements of the programme remained, however, unchanged. The short time frame of the negotiations made it impossible to fully involve parliamentary bodies and committees. Even the 15 December debate on the bailout programme had been disputed – both legally and politically. The tight economic interconnectedness as well as the dependency on European and international lenders prevented the discussion of alternatives to the existing programme.¹²⁸

C.2.3.4 Ratification of the ESM Treaty

The ratification of the ESM treaty in the Irish Oireachtas did not occupy a very prominent place in the parliamentary work. The ‘European Stability Mechanism Bill 2012’ was voted upon on 20 June 2012 in the plenary, followed by a relatively short parliamentary debate. Although Ireland had made progress regarding the implementation of the bailout programme, it could not be sure it would not need precautionary financial assistance from the ESM. The debate in the plenary thus focussed on the importance of the ESM for Ireland’s envisaged re-entry to the financial markets. The ratification process was slightly slowed down when independent MP Thomas Pringle initiated legal proceedings to seek for an injunction to restrain the Government from enacting the permanent bailout fund. He argued that the enactment of the ESM was unconstitutional since it allowed overriding Europe’s no bail-out clause which had been ratified by the Irish people in a public referendum alongside the Maastricht Treaty. The inter-governmental ESM, on the other side, was ratified by the Irish parliament only. On 2 August 2012, the Supreme Court refused to grant Thomas Pringle an injunction and the ESM was eventually ratified by the government. Another major obstacle for ESM ratification was the public referendum on the TSCG. This referendum was prescribed in the Irish constitution. It limited to some extent the influence of the Oireachtas which could – due to the large governmental majority – always assure the timely implementation of measures demanded by the MoU. As elaborated above, the ratification of the TSCG is conditional for the receipt of funds from the ESM. Irish policy-makers from (most) opposition and government parties alike therefore campaigned intensively for a yes-vote. The Fiscal Compact eventually received a large majority in a public referendum in 2012. Interestingly, no speakers addressed the future role of the Irish Oireachtas in the ESM ratification debate. The parliament will neither take a vote on future sovereign aid packages,

¹²⁸ One telling example is a statement by Labour MP Eamon Gilmore. Although the Labour Party eventually agreed to the bailout deal, he made clear that a solution to the crisis would require a larger contribution from other European partners: “Europe made its contribution to the problem and must also make a contribution to the solution. It must do so because until there is a solution to the Irish crisis, there will be no overall solution to the euro crisis. That is the reality of inter-dependence” (Gilmore 2010).

nor on the release of financial tranches therein. The Finance Minister is only required to report the aggregate value of contributions to the authorised capital stock of the ESM. The Irish Oireachtas will therefore not be involved in the day-to-day handling of the European Stability Mechanism in the future.

C.2.3.5 Conclusion Irish Case Study

The fsQCA assumed that Ireland's weak participation rights in the ESM were influenced by its difficult macro-economic situation, the lack of strong Eurosceptical sentiments, the weak formal prerogatives in EU affairs as well as the low political and constitutional requirements to ratify the treaty. The analysis of the ESM ratification debate and interview evidence from Irish policy-makers largely confirmed this finding. Ireland depended on financial assistance of the EFSF/IMF at the end of 2010 and did consequently not envisage strong parliamentary involvement in MoU negotiations. Only the insistence of a couple of government MPs (as well as some opposition parties) caused the government to hold a public debate and to take a vote on the negotiated MoU. Some opposition leaders played a more prominent role due to the upcoming general elections.

Eurosceptical parties were marginalised in these negotiations, not least because they are in the minority in Ireland. Furthermore, the weak role of the parliament in EU affairs, but also vis-à-vis the government in domestic matters, is one explanation why strong ESM parliamentary involvement has never been seriously considered. The macro-economic situation of Ireland made it unlikely that it would soon be in the position to grant financial assistance to any other Eurozone country. When the topic of sovereignty was addressed, it mainly concentrated on the question of national government's sovereignty to take decisions, for instance the retention of the relatively low corporate tax rate. The macro-economic situation of Ireland therefore largely determined its weak parliamentary participation within the ESM. Neither the influence of Eurosceptical parties nor political or constitutional requirements to ratify the ESM treaty did play a prominent role. Since Ireland left the bailout programme in 2014, it must potentially contribute to future financial assistance programmes granted to other Eurozone members, for instance a potential third Greek bailout (which could be on the agenda in summer 2015). Should this decision be taken, it will only be the Irish Minister of Finance in the ESM Board of Governors casting a vote – without the requirement of a prior parliamentary approval.

C.2.4 Portuguese Assembleia da República

The Portuguese parliament formally decided in April 2011 to request financial assistance from European lenders and the IMF. Portugal was the third country that agreed to a Memorandum of Understanding in exchange for financial assistance. It had initially provided financial support to Greece and Ireland before it agreed to a €78 billion programme itself: €26 billion each came from the newly created EFSF, the EFSM and the International Monetary fund. The total amount of the programme corresponded to about 50 per cent of the Portuguese GDP in 2011 (European Commission 2014b: 39). The Portuguese economy had suffered structural problems long before it joined the Eurozone. In contrast to Spain, Ireland, or even Greece, it did not experience a long economic boom phase after the introduction of the common currency (*ibidem*). Portugal managed to significantly reduce its annual government deficit as well as the yields on ten year government bonds throughout the duration of the programme. The public debt level, however, remained high and the unemployment rate had soared significantly. The crisis had a lasting effect on the Portuguese political landscape. In early 2011, the Socialist minority government was voted out of office after it failed to find a parliamentary majority for a stability program in March 2011. The new elections in June 2011 brought a new conservative government to power. The conservative¹²⁹ Social Democratic Party (PSD, *Partido Social Democrata*) formed a majority government (led by Pedro Passas Coelho) with the conservative CDS-PP (Centro Democrático e Social – Partido Popular) and received an unusually high majority in the Portuguese Assembleia da República. In the aftermath of the election, new political movements emerged which demanded a halt to austerity imposed by the bailout programme, especially the newly founded party ‘Tempo de Avançar’ (which regards itself as a sister party of the Greek Syriza).

In May 2014, Portugal eventually exited the financial assistance programme without entering into a post-programme or precautionary credit line. As a result of the Two-Pack legislation, however, Portugal automatically entered a post-programme surveillance phase until 75% of the outstanding loans are repaid (EFSF 2014). The country is thus still under the enhanced supervision of the European Commission. A strong involvement of the Portuguese parliament in this process was hampered by two main factors. First, the Portuguese parliament is traditionally classified as being rather weak vis-à-vis the government, both in domestic and EU affairs (see below). The political system is dominated by a strong executive. Second, the forceful and timely implementation of demands by international lenders was regarded a key priority of the Portuguese government to overcome the crisis. In the attempt to regain trust of financial market participants, the Portuguese government tried to implement structural

¹²⁹ After the end of the military dictatorship in Portugal, most political parties have chosen names which indicate a rather left-wing political orientation. The Social Democratic Party belongs nonetheless in the EPP political group in the European Parliament and is in general political conservative.

reforms without delay. Its relatively huge majority in the Assembleia da República facilitated this approach. As an opposition representative put it: “this government will continue blindly moving forward with its program. Even with all the alarm bells ringing around, I don't think they will stop” (see interview C 1). The decision to ratify the TSCG as quickly as possible at the beginning of 2012 was equally intended to send a signal to Europe (see interview C2). 204 parliamentarians supported the treaty in parliament, while only 24 opposed it.¹³⁰ Since Portugal had already been under the surveillance of the international financiers, the enhanced economic coordination under the TSCG was not seen as decisively more intrusive than the surveillance under the bailout programme. Only decisions by the Portuguese Constitutional Court slowed down the implementation of the bailout programme to some extent.

In order to understand the role of Portuguese Assembleia in this process, I first elaborate on the general role of the Portuguese parliament in EU affairs. The parliament has recently improved EU scrutiny procedures, although these are still not comparable to the scrutiny prerogatives of parliamentary chambers such as Denmark, Finland or the Netherlands (see again B.4.1.3). Second, I elaborate on the details of the Portuguese bailout programme which placed a strong emphasis on structural reforms and set more detailed provisions than the bailout program for Ireland (see C.2.3.2). Third, the ratification debate of the ESM will be analysed. The ESM was ratified alongside the TSCG which occupied a more prominent place in the debate. According to the documents at hand as well as additional interview evidence, a strong role of the Assembleia da República in the day-to-day handling of European Stability Mechanism has never been seriously considered. Last, I analyse interview evidence from six expert interviews conducted in June 2013. This information will be complemented with available online sources on the implementation of the bailout programme. The objective is to understand the role of the Assembleia in the negotiations leading to the bailout programme as well as its role in the European Stability Mechanism. One major characteristic of the Portuguese case is the fact that the parliament did not even take a formal vote on the Memorandum of Understanding in early 2011.

C.2.4.1 The Portuguese Parliament in EU Affairs

Similar to Ireland, the Portuguese political system is characterized by the dominance of a strong executive. On various occasions, the system has been described as ‘semi-presidential’, ‘premier-presidential’, ‘parliamentary presidential’, ‘mixed parliamentary-presidential’ or as ‘presidentialism of the prime minister’ (on these notations see Jancic 2015). A strong division of power exist between the executive and the legislature in the sense that no member of the parliament may concomitantly be a member of the national government. Political parties in

¹³⁰ Information was retrieved from Reuters Brasil (Khalip 2012).

Portugal have so far been largely in favour of European integration. Portugal's accession to the European Union in 1986 is often regarded as an 'historic moment' after decades of political dictatorship. The Eurozone crisis and the immense economic and social sacrifices resulting from the bailout programme have, however, slightly changed this general pro-European consensus. New political movements now oppose the austerity policy imposed by European and international actors; at the time of writing, it appears likely that the newly founded party 'Tempo de Avançar' will enter the parliament in the next general elections in September 2015. However, the political Left in Portugal seems to remain more fragmented than in Spain or Greece (Horta 2015).

The Portuguese Assembleia has gradually improved its scrutiny powers in EU affairs.¹³¹ The constitution obliges the government to regularly inform the parliament on EU activities (Art. 197(1)). It furthermore allows – since 2005 – to hold a public referendum on EU treaties (Art. 295). The major parliamentary body responsible for EU scrutiny is the European Affairs Committee. It can decide to involve other sectoral committees in the scrutiny process. The focus for the scrutiny of EU affairs by the EAC is rather new. Since the 2012 amendment, the Commission's Work Programme is discussed within the EAC and no longer within the plenary (Art. 4(1)(e), ESA) (Jancic 2015: 370). Furthermore, meetings of the EAC to scrutinise the meetings of the ministers in the Council are no longer held regularly, but only when deemed necessary. The amount of scrutiny activities has therefore been reduced, with the aim to scrutinize less, but better.¹³² This explains the enhanced role of the EAC. According to Jancic, the Portuguese Assembleia has substantively improved its formal participation rights in EU affairs since 2012. 'European debates' are now regularly held in the plenary, for instance accompanying European Council meetings, the state of the Union address of the Commission President or the assessment of priorities of rotating EU presidencies. These formal improvements are in line with interview evidence from June 2013, although MPs from opposition and government parties alike accentuate that EU affairs are likely to remain a domain of the executive – despite these improvements. Especially since the

¹³¹ The Assembleia da República is the parliamentary chamber which sends most opinions to the European Commission within the Political Dialogue. Quite often the Assembleia states that it has not found major objections to a Commission proposal. Although this EU activity is an outstanding feature of the Assembleia, I will not further take up this aspect. First, this would deviate from the research interest of this thesis. And second, the high number of opinions does not have a significant measureable impact.

¹³² The rather excessive, but also uncritical scrutiny of EU affairs was exemplified in one of our interviews with a government MP. Regarding the Early Warning Mechanism, the MP concluded: "It's not a very interesting exercise. [...] We have each year thousands of reports to verify subsidiarity and proportionality. In a certain way we feel that was a formal way to answer to the needs. Well, give them this and they will be entertained with this for a while and considering that we participate a lot, democracy is growing and the national parliaments are participating in the process. At the end, it's not true" (see interview C3).

outbreak of the Eurozone crisis and Portugal's request for financial assistance, the parliament could not exercise any significant influence (see below).

Throughout the implementation of the programme, Portugal experienced a number of political and judicial setbacks by its Constitutional Court. The Court declared some measures to tackle the crisis unconstitutional. The Portuguese government had authority to substitute some of these measures by others, but had to seek agreement with international financiers in advance. The Portuguese government presented three unconstitutional national budgets in a row which exemplifies the difficult situation for policy-makers: The government was aware that their presented budgets were potentially unconstitutional, but were also obliged to impose budget cuts in order to meet the reduction targets by international financiers. The small opposition parties, especially the Left Bloc, the Communists and the Greens regularly criticized the "government's subservience to Franco-German and EU dictates" (Jancic 2015: 382).

C.2.4.2 The Portuguese Bailout Programme

The degree of sovereignty in the 21st century equals the degree of debt that states assume and, above all, the ability of states to pay these debts back. Because of this, the best way to defend the sovereignty of Portugal, today and tomorrow, is not to incur too much debt [...] (Portuguese Minister of State and Foreign Affairs, Paula Portas).¹³³

The adoption of the Portuguese bailout programme in May 2011 was preceded by a long political struggle. Already in 2009, the ECOFIN Council requested Portugal (in accordance with article 126(7) TFEU) to reduce its excessive government deficit. Portugal had therefore already been under the Excessive Deficit Procedure one and a half years before it formally signed its Memorandum of Understanding. With declining confidence in the sustainability of public debt levels in several peripheral Eurozone countries, yields on Portuguese sovereign bonds rose sharply since 2009. In this time period, the country had to revise its GDP targets a couple of times, although the Assembleia already passed a first far-reaching austerity budget in November 2010 (European Commission 2011b: 15). Similarly to the Irish case, it is therefore difficult to single out the influence of the Memorandum of Understanding on budget cuts and structural reforms. First, some austerity measures had been initiated before the memorandum of understanding was officially signed. Second, and in contrast to Ireland, Portugal had already been obliged to balance its public budget under the excessive deficit procedure. However, the Portuguese government was not continuously successful in implementing harsh austerity measures. The centre-left minority government of Prime Minister Socrates was defeated in a vote on a Stability Programme on 23 March 2011. This programme was initially designed to signal Portugal's willingness to undertake substantial

¹³³ Quoted in: Jancic 2015: 382.

fiscal and structural reforms to overcome the re-financing crisis (*ibidem*). With the no-vote in the Assembleia, the government was forced to resign (but remained in office as a caretaker government). It officially requested financial assistance from the EFSF/EFSM/IMF on 7 April 2011.

The Troika subsequently started to negotiate the conditions of the MoU with Portuguese authorities. The first Commission report on the negotiations leading to the MoU described “a cooperative environment [during the] consultations with the main opposition parties and other civil society partners” (European Commission 2011: 15). The major opposition parties publicly supported the agreement, so that the Memorandum of Understanding was eventually signed on 17 May 2011 and therefore before the new parliamentary elections took place. Time constraints did not allow taking a formal vote on the Memorandum of Understanding. This, however, also exemplifies the weak position of the Portuguese parliament vis-à-vis the executive. The majority of measures outlined in the MoU focussed on fiscal consolidation. They were partly very specific and included, among others, demands to reduce corporate tax deductions and pensions above €1.500, the freezing of wages in the government sector or the increase of sale and tobacco taxes (European Commission 2014b: 80). Contrary to Ireland, the Portuguese programme focussed extensively on structural reforms. It was also more detailed than the Irish one (see again Figure 21). During the lifetime of the programme, a total of six official reviews have been published by the European Commission to monitor the progress of the bailout package. The Assembleia had to ratify and implement most of these measures (only rarely could the government enact measures by a governmental decree). A simple word count reveals that the term ‘parliament’ was mentioned around 100 times per semi-annual review. This should, however, not be equated with strong parliamentary influence. Most of the time the reviews simply mentioned the government’s intention to ‘submit’ or ‘present’ certain measures to the parliament. Interestingly – and in line with interview evidence – the reviews confirm that the Portuguese government tried to over-fulfil certain measures demanded by the Troika, for instance the amended Framework Law of Privatization (see European Commission 2011a: 52). Only rarely did the reviews mention a delay of measures (due to denied or belated parliamentary approval).¹³⁴ One telling example was the liberalisation of a number of regulated professions. In those cases in which the government did not need the approval of the parliament, the measures had been implemented immediately. For those regulated professions where parliamentary approval was required, the implementation was indeed delayed (see for instance European Commission 2011c: 37).

¹³⁴ Regarding the third Postal Directive, the review notes: “Given the need for Parliament approval the deadline has been postponed to Q4 2011 and the measure now includes also the re-negotiation of the concession contract for the provision of universal service shortening the designation period in order to further liberalise the sector”(European Commission 2011c: 37).

This gives at least the impression that the parliament exerted some minor influence regarding the implementation of the bailout programme (although the government tried in an act of anticipatory obedience to implement all measures without delay). The semi-annual reviews of the programme do not reveal fundamental political conflicts between the Portuguese government and the Assembleia. The government was able to secure broad majorities in the parliament and was supported – most of the time – by the major opposition party. Interview evidence nonetheless suggests that the implementation of the program was politically contested, but that the de-facto influence of the Assembleia was largely restricted (see C.2.4.4).

C.2.4.3 Ratification of the ESM Treaty

The ratification debate and vote on the ESM treaty took place on 13 April 2012 (Assembleia da República 2012b). It was voted upon alongside the ratification of the Treaty on Stability, Coordination and Governance which had been signed only a couple of weeks earlier. Both treaties were approved by a large majority in parliament, including the two coalition partners and the major opposition party. Securing parliamentary majorities had not been particularly problematic for the conservative government. Especially the timely ratification of the TSCG was supposed to signal financial markets Portugal's willingness to meet its financial obligations under the bailout program. The ratification process of the ESM involved several parliamentary committees, especially the Budget Committee, the Finance and Public Administration as well as the European Affairs Committee (which all issued opinions in the forefront of the ratification) (Assembleia da República 2012c). The Law on the State Budget for the year 2013 authorized the government to assume its capital share on the ESM until the due limit. Portugal's inpaid capital share is slightly above €2 billion and calculated on the ECB's capital share. Despite these relatively high sums, the ratification debate focussed more strongly on the TSCG than on the European Stability Mechanism. During the debate, the Prime Minister emphasized that Portugal had to double its efforts to prevent future crises. Portugal knew from experience how harmful financial and economic imbalances are for the people, and that the path of solidarity and integration can only be pursued if Eurozone Member States also deepened the path of responsibility (see Assembleia da República 2012a). Although it was not made very explicit during the ratification debate, Portuguese policy-makers saw a need to implement far-reaching austerity measures at home as a precondition for financial assistance from other European countries. Interestingly, the involvement of the Assembleia da República in the day-to-day handling of the ESM did not play a prominent role during in the ratification debate. Similarly to the EFSF provisions, the government shall inform the Parliament within one month on major activities within the ESM framework; but no regulations exist detailing the exact involvement of the Portuguese parliament. Even when

the terms of conditions of aid packages are changed, the government shall only inform the parliament within the up-coming six months (see again Table 2). I did not find any evidence, neither in the ratification debate nor in secondary sources, that the non-involvement of the Assembleia was regarded as problematic in democratic terms by any parliamentarian or parliamentary party group. At least, this issue was not explicitly addressed in publicly available sources. One explanation could be that in 2012, the idea of Portugal being in a position to issue financial assistance to other Eurozone Member States was simply not a realistic option.

C.2.4.4 Interview Evidence: the Assembleia and the Bailout Programme

In order to secure parliamentary involvement during the execution of the bailout program, Portugal established a special parliamentary committee to deal with the memorandum of understanding in 2011. In this committee, parliamentarians were informed about the activities related to the bailout programme. The main scrutiny work was carried out by the parliamentarians themselves. There are only few administrative resources to support these activities (see Interview Cb) which generally hampered an efficient scrutiny process. The minister or the state secretary regularly informed parliamentarians about bailout-related activities in this committee. This usually happened after decisions at the EU level had already been taken, and not in the forefront (see interview C2). Occasionally, the Prime Minister himself answered questions in this special committee. According to opposition representatives, parliamentarians received largely the same information as those publicly available in the news, sometimes even after the national or international media had reported on them. Representatives of the Troika regularly informed the parliament and visited the Assembleia every three months during the duration of the program. These meetings had an informative character only and did normally not last very long. However, parliamentarians had the possibility to address questions directly to Troika representatives. The minister of finance presented the progress made under the programme on a regular basis, both in the budget committee as well as the newly created special committee. The possibilities to actively influence policy-making have been described as severely limited. A direct impact of the parliament could not be detected by most interviewees (see interview C3 and Ca). As an EAC administrator emphasized: “In what concerns the memorandum itself and its negotiations, [...] the parliament was not involved. The discussion was between the government, the executive, and the institutions, the Troika; but alongside with that, the executive had meetings with the political parties that are in the parliament, but not within the framework of the parliament. So, when the memorandum was signed, they sent a copy to the parliament, and it went to the EAC, even though we had many doubts if we were the competent ones, but we received it and we didn't really know what to do with that. Because we had a huge document

which was very specific in special areas, we had to ask the speaker [of the EAC, O.H.] to send it to the other competences committees” (see interview Cb). This statement exemplifies that no parliamentary procedures existed to handle the memorandum of understanding. There was initial confusion concerning the question which parliamentary committee should take the lead in scrutinising the MoU. In many regards, the receipt of information was the only (potential) channel of influence the Portuguese parliament possessed. Not surprisingly, opposition representatives in particular underlined that parliamentarians had no say in the negotiations leading to the Memorandum of Understanding at all: “Nothing, to be honest” (Interview C1). According to this interviewee, also the government majority increasingly faced problems to secure majorities among its own ranks. Many measures of the bailout programme run contrary to the electoral programmes of political parties. The smaller coalition partner in particular (CDS-PP) faced problems securing majorities in its own ranks for measures demanded by the bailout.¹³⁵

The consensus on the bailout programme was mainly negotiated among the three largest parties in Portugal, including the two government parties and the opposition Socialists. There was thus a general agreement on the measures which had to be implemented; however, the parties disagreed on the question whether Portugal would need more time and should renegotiate the interest rates of their loans. Especially the socialist party started to demand a relaxation of interest rates during the course of the programme. In April 2013, the Eurogroup eventually decided to extend the average maturity of outstanding loans by seven years. Portugal will nevertheless pay off its debt until 2040 – given that programme is executed the way it is currently envisaged. The large party-consensus in the Assembleia was regularly put to the test by frictions within the Troika. The IMF, the European Commission and the European Central Bank had partly diverging ideas on how exactly the programme for Portugal should be implemented (see interview C1, but also Belke 2014). The IMF, for instance, admitted relatively soon that some of the economic forecasts had been too optimistic and started to consider the option of a write-off on public debt. The European Central Bank, on the other side, insisted on the repayments of debt and focused more strongly on fiscal adjustments.

The general sentiment of parliamentarians was that “we have to do what the others tell us to do” (see interview C3). However, the disagreement within the Troika as well as the political

¹³⁵ But also government MPs described the illusion of some of their colleagues who still believed that they were fully in control of the political developments in Portugal. “They don't like to think a lot about the European Union and they don't know a lot about the European Union and they don't like people that speak a lot about the European Union. They like to think they are the centre of the world. They like to think they have the same power and they like very much – in the majority and in the opposition – to say that all the responsibility is from the national government” (see interview C3).

struggles among the Heads of State or Government over the next steps in the management of the crisis fuelled disappointment among MPs. Portugal was doing its part while the EU could not agree on decisive steps, was a growing sentiment among MPs (concerning, for instance, the Banking Union, see interview C3). This dissatisfaction with EU politics was manifest, also among MPs who consider themselves as ‘EU-enthusiasts’.¹³⁶ This sentiment was aggravated by the decision-making mode during the management of the crisis. The dominance of the European Council as well as the Eurozone summit was seen as particularly problematic since it gradually replaced the influence of other European institutions. Our interviewees pointed to the fact that the decision-making in the European Council was less transparent and gave the parliament fewer opportunities to influence the decision-making processes (see interview C3). Portugal, as a relatively small EU Member State, wished for a stronger role of the European Commission in the negotiations since the Commission was more likely to take into account the interests of smaller countries. As a result, the mood in the Portuguese parliament shifted throughout the programme. Although a large majority in Portugal is still in favour of membership in the economic and monetary Union, ‘Europe’ was increasingly blamed for not taking action decisively enough. Portuguese media regularly pointed to the fact that they had financially supported countries such as Finland after World War I; a fact largely neglected in Northern European countries (see interview C2). The huge majority in the Assembleia was challenged during the duration of the program on several occasions, but largely remained in place. This allowed Portugal to exit the program in 2014, despite the growing opposition in and outside the parliament.

C.2.4.5 Conclusion Portuguese Case Study

As outlined above, it is challenging to single out the influence of the Portuguese Assembleia on the negotiations of the MoU. The Memorandum of Understanding was agreed upon by Portuguese authorities and the ‘Troika’. Conflicts preceding this agreement can therefore not be detected comprehensively, but only approximated with interview evidence. There is, however, reason to assume that the Assembleia could not exercise significant influence during the execution of the programme. First, the government’s strategy was to implement the conditions of the MoU without delay. According to the government, the loss of sovereignty was primarily a result of high public debt levels. Spending cuts and fiscal adjustment were regarded as the only viable strategy to regain sovereignty. The government could only pursue

¹³⁶ “But even for me it's very difficult to accept and to understand why it takes so much time to solve all the problems. We need to have a parallel way; we can't say ‘Portugal, you have to solve your fiscal problems, your budgetary problems!’ Okay, we will do that, but at the same time my interest rates are three times more than in Germany, my unemployment rate is three or four times more than in Germany, I pay for energy four times more, I receive from the agriculture policy three times less than France and then they say ‘well, you have to be competitive, you have to go to the market. It's impossible’” (see interview C3).

this strategy because it could rely on a relatively broad majority in parliament, additionally supported by the major opposition party. This resembles the Irish case, and reveals a huge difference to the Greek Memorandum of Understanding (in which parliamentary majorities were often far from certain). Political stability was seen as a key factor to regain trust of market participants. Concerns by individual MPs or single political party groups were therefore not seriously taken into account. Secondly, the government's approach was facilitated by the dominant position of the executive in the Portuguese political system. The government was able to implement a number of measures without explicit parliamentary approval. The prospect of early elections was likely to offer new political parties the chance to enter the parliament; a fact which welded together those parties with governmental responsibility.

Third, no established parliamentary practices existed to handle the memorandum of understanding in the Assembleia. The confusion over the question which committee should take the lead in scrutinising bailout-related measures exemplifies this shortcoming. These factors help explaining why strong formal prerogatives in ESM affairs had not been a priority for Portuguese policy-makers. In the fsQCA, Portugal had been classified as an ideal case in which all conditions potentially accounting for strong ESM involvement had been absent (see again Table 22). The case study on Portugal revealed that the absence of all these factors is likely to have influenced the position of the Assembleia in the European Stability Mechanism significantly. Especially the deteriorating economic and financial situation has made any strong involvement of the Portuguese parliament in the execution of the bailout program practically impossible.

D. Conclusion

The objective of this dissertation was the *identification of determinants* of parliamentary involvement in ESM affairs. To date only few academic contributions have systematically studied these varying parliamentary prerogatives (see A.1), or have comparatively analysed the budgetary constraints resulting from this newly established rescue mechanism (see A.2). This project intended to assist in the closure of this research gap.

One major empirical insight is that parliamentary involvement is unevenly distributed across Member States. Therefore, the management of the Eurozone crisis has an *asymmetric impact* on national self-determination which strongly depends on whether a country receives or provides financial assistance. In addition, however, the debtor-creditor relations within the ESM created new financial dependencies among Eurozone countries. This restricts parliamentary autonomy – in donor and debtor countries alike.

One major analytical insight is that the involvement of national parliaments *politicises* EMU decision-making. The EMU governance frame was initially designed as a rule-based system (preventing strong political interference from the national or European level). The involvement of nationally elected chambers deviates from this conception.

Prominent political voices (for instance the former Italian Prime Minister Monti) explicitly suggested that governments should be less dependent on their parliaments throughout the management of the crisis. This discloses the inherent *field of tension* between democratic legitimacy on the one side and efficiency in EU and EMU decision-making on the other. The involvement of national parliaments in the ESM is a prime example of this pattern: Are they only vicarious agents of their national executives which can – at best – decelerate ESM decision-making? Or can their involvement add democratic legitimacy to decisions taken in the ESM framework? These questions have an empirical and a theoretical dimension which this dissertation addressed.

Empirical Contribution

In the absence of comparative empirical data, the project inductively gathered information on the parliamentary prerogatives in the ESM decision-making procedures of 18 Eurozone parliaments (see B.1). I developed a *typology of parliamentary ESM involvement*, distinguishing five types of parliaments: First, the *quasi-veto powers* are those parliaments that formally take a vote on each sovereign aid package and can also vote on the release of financial tranches therein:¹³⁷ Estonia, Finland, Germany and the Netherlands possess these

¹³⁷ The plenary in these parliaments takes these decisions as a general rule. However, the accompanying provisions define specific circumstances under which decisions might be delegated to parliamentary committees (see German and Austrian case study: C.2.1 and C.2.2, but also again B.1).

far-reaching powers.¹³⁸ Second, the *partial veto-powers* are those parliaments that formally approve each sovereign aid package, but which do not necessarily decide on the release of financial tranches therein. This applies to the Austrian Nationalrat. These two groups of parliaments possess the most far-reaching participation rights of all 18 Eurozone parliaments in the European Stability Mechanism. Their involvement is qualitatively different from the remaining three types.

The third type consists of parliaments that play a *consultative or political role* only (France, Latvia, Italy and Spain). Although the government representatives are allowed to take decisions (in the ESM Board of Governors) without prior parliamentary approval, they must at least inform either the plenary or the budgetary committee in advance. Furthermore, these parliaments have been occasionally involved in the decision-making process although there was no legal requirement to do so. A fourth group of parliaments possesses *information rights* that are defined in the accompanying provisions of the ESM, but are not formally involved in the decision-making procedures. Ireland, Luxembourg, Malta, Portugal and Slovenia receive information about ESM decision-making by their governments – although to slightly varying degrees. The remaining parliaments (Belgium, Cyprus, Greece and Slovakia) play *no formal role* in the European Stability Mechanism.

Theoretical Contribution

In order to theoretically explain the asymmetric parliamentary involvement, this project identified factors accounting for the establishment of firm accountability relations within the ESM (see B.2). I derived four guiding assumptions which are all based on a *rational choice* logic: Parliamentarians and political parties in all Eurozone parliaments have a rational interest in establishing firm accountability relations within the ESM in the first place. However, these preferences and interests are shaped and altered by internal and external factors. First, parliaments of countries in a favourable macro-economic situation establish stronger formal prerogatives since they have (economically) more to lose should the management of the crisis be unsuccessful. Second, Eurosceptical parties try to hold their governments accountable on the management of the crisis; in a response to these claims, national governments opt for stronger involvement of nationally elected chambers. Third, the institutional capacities of parliaments in EU affairs decisively determine ESM involvement. The ESM is an intergovernmental institution (in which parliaments have traditionally a weaker say). Only parliaments with firm participation rights in EU affairs possess the institutional capacities to transfer these powers to the intergovernmental ESM. And fourth, higher political and constitutional requirements to ratify the ESM treaty account for stronger

¹³⁸ Although only Germany's share in the capital stock of the ESM results in a de-facto veto power of the German Bundestag, the refusal of financial assistance by one of these four chambers de-facto prevents a decision on a sovereign aid package since ESM-related decisions are taken by consensus.

parliamentary involvement. Opposition parties are able to negotiate side payments should the ratification process require their votes.

None of these four guiding assumptions was expected to explain the full range of parliamentary involvement in ESM affairs, but rather *a combination thereof*. In particular, the simultaneous presence of a favourable macro-economic situation with either strong formal prerogatives in EU affairs or strong Eurosceptical sentiments was expected to explain strong parliamentary ESM involvement (see again B.2.5.). In this regard, the added value of the theoretical section of this thesis lies in the assumption of a configurational logic of conditions to explain ESM involvement.

Methodological Contribution

This logic has been tested in a fuzzy set comparative qualitative analysis (fsQCA, see B.3.1). This method has recently gained prominence in the study of the role of national parliaments in the EU political system, but has not been applied to the management of the crisis. FsQCA allowed for a systematic cross-case comparison of the 18 Eurozone parliaments under investigation. It was complemented by four in-depth case studies for which I have conducted 29 expert interviews in Berlin, Dublin, Lisbon and Vienna (see B.3.2). This mixed-method design helped to address shortcomings of both case-oriented and variable-oriented research techniques.

Empirical Findings: Qualitative Comparative Analysis

The fsQCA revealed that a favourable macro-economic situation can be interpreted as a *necessary condition* for strong ESM parliamentary involvement. Economically strong countries have potentially more to lose should the management of the crisis be unsuccessful. The favourable macro-economic situation (relative to other Eurozone Member States) has set rational incentives for parliamentarians to secure strong parliamentary involvement. Parliamentarians may therefore claim that stronger involvement allows them to remain in control of decisions taken at the EU level. At the same time, strong parliamentary prerogatives in ESM affairs can be considered a luxury which only economically strong countries can afford.

However, strong ESM prerogatives were only established when a favourable macro-economic situation occurred *simultaneously* with far-reaching formal prerogatives in EU affairs (see C.1.1). The major argument is that the endeavour to warrant an institutional say in EU affairs has heightened MPs' awareness regarding their general role vis-à-vis the government (as elaborated in B.2.3, the strengthening of formal EU prerogatives has been an evolutionary process). MPs do not frivolously surrender powers that have been acquired in a cumbersome, lengthy process. These formal powers are the legacy of an historical development in which

(quite often a small group of) MPs and parliamentary party groups have established a stronger voice in EU affairs. In combination with rational incentives (established by a favourable macro-economic situation) it is conclusive to opt for stronger involvement in ESM affairs – even if this requires transferring parliamentary influence to a new intergovernmental setting.

Weak formal involvement in ESM affairs, on the other side, was observed in all parliaments that were either in a difficult macro-economic situation, did not possess far-reaching participation rights in EU affairs, or both. The absence of these two conditions noticeably hampered strong ESM involvement while the absence of each condition on its own was not interpreted as sufficient to explain the negated outcome. In the majority of the thirteen cases under investigation (C.1.2), none or very few of the four conditions (developed in the theoretical chapter) had been present. This supports the robustness of the theoretical assumptions.

The fsQCA also allowed shedding light on the question under which conditions the presence of a favourable macro-economic situation or firm formal EU prerogatives did not have an influence on a stronger role in ESM policy-making. Belgium, France, Malta and Luxembourg had been in a comparatively favourable macro-economic situation as of 2012, but none of them possessed strong formal EU prerogatives or strong Eurosceptical parties in their parliaments. The comparatively strong macro-economic situation might have set rational incentives to establish stronger participation rights; however, the simultaneous absence of distinct Eurosceptical sentiments or strong formal prerogatives in EU affairs has hindered the establishment of firm accountability relations within the ESM (see C.1.2).

Empirical Findings: Case Study Analysis Germany and Austria

Four case studies have been conducted to complement the findings of the fsQCA. In Germany, the Federal Constitutional Court has decisively influenced the far-reaching participation rights of the German Bundestag. Previous judgements had already contributed to a rising awareness among MPs concerning their role in European affairs. The unusually strong position of the German Bundesverfassungsgericht (BVerfG) also released pressure from opposition parties to negotiate stronger ESM participation rights during the ratification of the ESM treaty. In recent years, the BVerfG emerged as *the* guarantor of parliamentary involvement. In contrast to many other countries, this has given the controversy regarding the Bundestag's role in ESM affairs a strong legal dimension (see again C.2.1).

In Austria the *reliance on opposition support* was a key factor for the Austrian Nationalrat to increase parliamentary prerogatives in ESM affairs. The German accompanying laws were cited as an example of how parliamentary involvement should be organised. The Austrian Green Party had therefore attempted to design parliamentary participation similar to that of the German Bundestag. The Austrian case study also exemplified that Eurosceptical

sentiments did not decisively impact on parliamentary prerogatives (see C.2.2). Parties in *principled opposition* to the ESM (and the EU) did not even consider negotiating stronger parliamentary prerogatives. This behaviour is rational: a large part of the electorate leaning towards Eurosceptical parties opposes the granting of financial assistance to Member States in financial predicament.

Empirical Findings: Case Study Analysis Ireland and Portugal

Ireland and Portugal were analysed to better understand the parliamentary processes leading to the *drafting and implementation* of the Memoranda of Understanding. The recipient states must implement structural reforms in exchange for financial assistance. The analysis revealed the difficulty in singling out the impact of the MoU on the reforms initiated in a recipient country. First, those Member States receiving financial assistance were characterised by a relatively strong executive vis-à-vis their national parliament. Second, some austerity measures had already been initiated and implemented before a Memorandum of Understanding was officially signed.

Nonetheless, the Irish and Portuguese case studies revealed a somewhat (limited) variation regarding parliamentary involvement in the negotiations and implementation of the MoUs. The Irish Dáil Éireann took a formal vote on the Memorandum of Understanding under immense time pressure (the details of the programme had just been negotiated). The vote was neither prescribed in the Irish constitution nor originally envisaged by the Irish government, but resulted from political pressure (also from MPs of the governmental majority). The Irish MoU received the support of the governmental as well as the two major opposition parties. In Portugal, the Assembleia da República did not take a formal vote on the MoU.¹³⁹ The eventual signing of the Memorandum of Understanding was thus an executive decision.

In both countries, the request for financial assistance provoked the resignation of the incumbent governments while the in-coming governments received exceptionally high majorities in parliament. Both new governments attempted to implement the MoU measures without delay. The former opposition parties already played a decisive role in the negotiations leading to the MoUs. The large parliamentary majorities as well as the support of the then-opposition parties facilitated a timely implementation of the programmes. The programmes had nonetheless been politically contested; the support of opposition parties on key aspects of the programme facilitated, however, to secure parliamentary majorities throughout the duration of the programme (which is an important difference to the situation in Greece).

The Irish and Portuguese MoUs differed in the degree to which they demanded structural and fiscal reforms. While the Irish government was obliged to substantially reform its banking

¹³⁹ Time pressure in the forefront of early elections made an involvement of the elected chamber impossible.

sector, Portugal had to implement additional structural reforms in order to increase its economic competitiveness. While parliamentary approval for the implementation of specific demands by the MoU was regularly obtained, it was only the Portuguese Constitutional Court that occasionally slowed down the implementation of the MoU by nullifying certain measures to reduce public spending. The interview evidence from both countries suggested that no significant parliamentary involvement was exerted in the negotiations or implementation of the MoUs. Although parliamentary party groups and MPs increasingly regarded the demands by MoUs as a severe impairment on their sovereignty and autonomy, Portugal and Ireland regularly secured parliamentary majorities throughout the duration of the programme.

When the ESM was eventually ratified, a stronger role of the elected chambers in the day-to-day policy-making of the European Stability Mechanism has not been a serious option in either of the two countries. In both settings, the ratification of the TSCG occupied a more prominent place than the ratification of the European Stability Mechanism. The ratification of the TSCG is conditional for the receipt of financial ESM assistance. At the same time, the prompt ratification of the Fiscal Compact was intended to signal financial markets that both countries were capable of consolidating their public budgets. Potential parliamentary involvement in the future granting of financial assistance had never been a serious consideration in either of these countries (see C.2.3 and C.2.4). Although both countries have already left the financial assistance programmes, ESM decision-making will remain an executive domain in Ireland and Portugal in the future.

Limits of the Research Design

As with every research design, the empirical observations contain limitations. Further insights could have been gained by extending the number of case studies. France and Belgium, for instance, are interesting cases for parliaments that have not adopted strong ESM participation rights – despite being in a relatively favourable macro-economic situation as of 2012. Also, a separate analysis of the responses of constitutional courts to the on-going crisis could add further insights to the question of national self-determination (which goes beyond the role of national parliaments). Due to time and data restrictions, the expansion of the analysis to these fields could not be realized.

Furthermore, the typology of parliamentary involvement (see again B.1) was based on responses acquired by questionnaire. To increase the reliability of the data, all information has been cross-checked with publicly available sources and was partly complemented by additional interview evidence. Responses to the questionnaires revealed country-specific (and partly even parliament-specific) particularities of ESM involvement. Differences between the legal words of accompanying provisions and real-life practices require comprehensive background knowledge of each parliamentary setting. In order to reduce complexity, some of

these detailed accompanying provisions have been purposefully omitted. It can be noted that the typology of ESM involvement is too parsimonious. However, in the absence of empirical data in this field, this typology acts as a starting point to which additional information can be integrated.

Other limitations arrive from the application of the qualitative comparative analysis (QCA). QCA is deterministic in nature because it requires the identification of all relevant 'conditions' to explain an outcome. To some extent, this is a problem that every statistical analysis faces (the control for alternative explanations also occurs in qualitative research designs). This challenge has been addressed by applying a mixed-method design which included qualitative case studies. The fsQCA served to identify deviating cases of parliamentary ESM involvement.

A second challenge in QCA is the calibration process. Fs-values have been assigned to measure the presence or absence of the conditions developed in the theoretical section. No uniform and objective procedure exists to structure the calibration process. Although the different thresholds are linked to qualitative concepts – and therewith allow for quantitative differences within groups (see again B.3.1.1.2) – other researchers might have set slightly different thresholds. The calibration of the data (see B.4.2) was, however, carefully conducted and detailed explanations have been provided for every calibration decision. Although I cannot exclude that other researchers might calibrate the data in a different manner, I do not believe that different thresholds in the calibration process would have changed the empirical results of the fsQCA substantially.

Contribution to the Existing Literature: Legitimacy in EMU Policy-Making

With these limitations in mind, it is possible to integrate the empirical findings into a broader academic context. The empirical findings should be linked to the discussion on legitimacy and accountability in the current set up of the Economic and Monetary Union. Legitimacy is conventionally distinguished between an 'input' and an 'output' dimension. *Input legitimacy* is based on the idea that political choices reflect the 'will of the people' (Scharpf 1999: 7). Strong(er) parliamentary involvement in ESM affairs addresses this type of legitimacy concern. It establishes stronger accountability relations between a democratically elected national chamber and national government representatives. The asymmetry of parliamentary involvement indicates, however, that input legitimacy is unevenly distributed across Eurozone Member States. Parliamentary participation rights do not only differ between Eurozone and non-Eurozone countries, but also within the Eurozone itself. Decisions concerning financial assistance of the Austrian, Dutch, Estonian, Finish and German parliament consequently weigh more than those of other Eurozone Member States.

Output legitimacy, on the other side, refers to the idea that political choices effectively promote the common welfare (ibidem). This dimension is consequently not concerned with the institutional design of the rescue mechanism. Whether or not the establishment of the ESM promoted the common welfare is widely disputed. At least for the moment, financial assistance by the ESM has seemingly helped to prevent a collapse of the European banking system. This cannot, however, obscure the fact that the crisis had disastrous consequences in a number of EU Member States. The ESM might therefore only have delayed the collapse of the Eurozone for the time being. It has “bought time”, without necessarily addressing the structural causes of deficient modern capitalist systems (Streeck 2014). Output legitimacy is therefore also unevenly distributed across Eurozone Member States.

The two dimensions of democratic legitimacy are of course not mutually exclusive, but ideally occur simultaneously. The current situation suggests, quite worryingly, that *both dimensions are absent in several EU Member States*. Every crisis weakens by its very definition the output legitimacy of a political system. In times of crisis, the democratic legitimacy therefore rests on the deduction of political decisions from the citizens’ will. The widely perceived lack of input-oriented elements of policy-making in EMU governance and the simultaneous deterioration of output-legitimacy is thus highly problematic.

So far, input-oriented elements have been largely absent from the EMU governance framework. Similar to the creation of the single market, EMU governance is largely designed as a *rule-based system*. This system is characterised by the absence of politicisation of decision-making procedures (see in particular Alcidi et al. 2014: 15). The transfer of monetary competences to the European level, the (renewed) rules of the Stability and Growth Pact as well as the newly introduced Treaty on Stability, Coordination and Governance are all based on the idea that the same rules and targets are agreed upon at the European level and invariably apply to all countries. From its beginning, the Eurozone crisis has challenged these fundamentals of the Economic and Monetary Union¹⁴⁰. The original idea is nonetheless that instruments (correcting, for instance, macro-economic imbalances) are applied as automatically as possible. The political interference from the EU or national level shall be eliminated, or at least reduced, by a strong rule-based system (ibidem).

Following these arguments, the de-politicisation of decision-making has so far been largely advantageous for the setup of the EMU. The creation of the different rescue mechanisms – with (partly) strong parliamentary involvement – deviates from this conception.

It seems no longer possible to de-politicize EMU decisions. The new rescue mechanism entails the allocation and redistribution of resources to an extent so far unknown (on the

¹⁴⁰ Examples are the breach of the no-bailout clause in the European Treaties (see again A.4.2), but also the violation of the SGP by Germany and France in the early 2000s as well as Greece’s fudged numbers to enter the Eurozone in 1999.

question of redistribution see Majone 1999; Moravcsik 2004). Politicisation, however, is likely to have spill-over effects to other basic principles of the Eurozone, such as the Stability and Growth Pact or general questions on whether a country may or may not enter the Eurozone. It is rather unlikely that politicisation can be restricted to the question of bailing out an individual country (de Wilde, Zürn 2012: 138).

The involvement of national parliaments therefore makes an important difference. First, NPs' involvement is *desirable from an input-oriented point of view* since redistributive policies require by definition a stronger basis of legitimacy than regulatory policies.¹⁴¹ Secondly, the involvement of national parliaments will *inevitably slow down* decision-making procedures and *further politicise* decision-making in the EMU governance framework.

The negotiations of the extension of the Greek bailout programme in early 2015 provide evidence supporting this argument. The negotiations were, among other things, influenced by the upcoming parliamentary elections in Finland (in April 2015). As outlined in the previous chapters, the Finnish parliament must give its consent to sovereign aid programmes and the release of tranches therein. The decision between a (new) third programme and an extension of the existing one was influenced by a simple political consideration: An extension required less parliamentary approval in a number of Eurozone Member States than a full new programme. It has also faced less parliamentary opposition in Finland.

So far, national parliaments have consistently followed the propositions of their governments in ESM decision-making. However, a certain degree of politicisation in a single Eurozone Member State parliament is sufficient to block the issuing of financial guarantees in the future. The behaviour of the Finnish government foreshadows the potential asymmetric impact of parliamentary involvement in ESM affairs. The electoral cycle of parliaments with strong prerogatives in ESM affairs will decisively influence future decisions concerning sovereign aid programmes. Policy-makers must therefore become more responsive to the political demands of these parliaments.

In my view, the current parliamentary involvement only marginally increases the overall input-legitimacy of the ESM. It risks aggravating parliamentary prerogatives of other elected chambers, especially when draft budgets are distributed to national parliaments for prior parliamentary attention.

¹⁴¹ They are not pareto-efficient, i.e. they allocate resources from one country to another. Although the financial guarantees within the ESM are designed as repayable loans, they potentially pose a financial risk for donor countries. Financial guarantees to the ESM potentially make up one third of national annual budgets. Even if potential guarantees and actual expenditures cannot be compared directly, the sheer amount of financial loans makes an involvement of nationally elected chambers desirable.

Future Research

Although the ESM was already established in late 2012, the number of sovereign aid packages it provided to date has been limited. Only the Spanish banking sector, Cyprus and Greece (in August 2015) have so far received assistance from the European Stability Mechanism while previous packages were decided under the EFSF/EFSM mechanisms. This is why this study primarily dealt with the *establishment and ratification* of the European Stability Mechanism. The empirical evidence for the parliamentary day-to-day handling of the ESM remains limited until today.

Future research should therefore focus on a detailed analysis of past and current ESM programmes. What impact do strong parliamentary prerogatives have on negotiations at the EU level within the ESM framework? Can politicisation in a single Eurozone parliament prevent the granting of financial assistance? Will the demand for stronger ESM parliamentary prerogatives increase in other Eurozone parliaments during the further management of the crisis? And how will this asymmetric parliamentary involvement impact on the EMU governance framework as a whole?

The significance of the European Stability Mechanism is likely to increase in the future. With the establishment of the European Banking Union in late 2014, the ESM can now directly recapitalize banks of Eurozone Member States. In such a system, the ESM makes decisions with immense redistributive consequences – and only one third of Eurozone parliaments are able to influence these decisions.

Such a system – in which few parliaments of economically strong Member States occupy a dominant position – is unlikely to find broad political support in the long run. This consideration might fuel the debate of alternatives to the current setup of the European Stability Mechanism.

E. References

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E.5 Expert Interviews

E.5.1 Interview partners Berlin

Ute Müller, Secretariat European Affairs Committee of the Bundesrat, 4 May 2012, Bonn.
Wolfgang Willenbacher and Dr Martina Beckmann, representatives of the Permanent Representation of Rhineland Palatine, 25 May 2012, Berlin.
Alexander Ulrich, Member of Parliament and member of the European Affairs Committee, and Janeta Mileva, Consultant for European affairs, 23 May 2012, Bundestag, Berlin.
Andy Fürste, assistant of the vice-chair of the European Affairs Committee, 22 May 2012, Bundestag, Berlin.
Jürgen Hardt, Member of Parliament, member of the European Affairs Committee and the Defence Committee, 24 May 2012, Bundestag, Berlin.
Klaus Hagemann, Member of Parliament, chair of the subcommittee of the budgets committee for European affairs, 25 May 2012, Bundestag, Berlin.
Michael Roth, Member of Parliament, member of the European Affairs Committee and Spokesman for European affairs, 24 May 2012, Bundestag, Berlin.
Roland Derksen, Research Service of the Bundestag, 22 May 2012, Bundestag, Berlin.
Dirk Burczyk, Research associate of a member of the Committee of the Interior, 21 May 2012, Bundestag, Berlin.
Stefan Ruppert, Member of Parliament, member of the European Affairs Committee and Committee for internal affairs, 23 May 23 2012, Bundestag, Berlin.
Christian Beck, Research Associate to a member of the European Affairs Committee and the Finance Committee, 24 May 2012, Bundestag, Berlin.
Anonymous, referee for the Secretariat of the European Affairs Committee, 25 May 2012, Bundestag, Berlin.
Hans-Ulrich Gerland, Secretariat of the Defence Committee, 20 June 2012, Bundestag, Berlin.
Four staff members of the Europe Division of the German Bundestag, 22 May 2012, Bundestag, Berlin.
Maria Elisabeth Rotter, research assistant to the Chair of the European Affairs Committee, 20 June 2012, Bundestag, Berlin.

E.5.2 Interview partner Dublin

Paul Coghlan, Member of Seanad Éireann, Committee on Finance, Public Expenditure and Reform, 8 October 2013, Leinster House, Kildare St, Dublin 2.
Conor Gouldsbury, EU Policy Advisor at Houses of the Oireachtas, 8 October 2013, Leinster House, Kildare St, Dublin 2.
Timmy Dooley, Teachta Dála (TD), Committee on Finance, Public Expenditure and Reform, 8 October 2013, Leinster House, Kildare St, Dublin 2.
Catherine Noone, Member of Seanad Éireann, Government Seanad spokesperson on European Affairs, 9 October 2013, Leinster House, Kildare St, Dublin 2.

John Halligan, Teachta Dála (TD), Member of the Committee on European Union Affairs, 10 October 2013, Leinster House, Kildare St, Dublin 2.

Dara Murphy, Teachta Dála (TD), Chairman of Internal Fine Gael Committee on European Affairs, Foreign Affairs & Trade, 10 October 2013, Leinster House, Kildare St, Dublin 2.

Joe Higgins, Teachta Dála (TD), Member of Committee on Finance, Public Expenditure and Reform, 10 October 2013, Leinster House, Kildare St, Dublin 2.

Art O'Leary, Secretary of the Convention on the Constitution Secretariat, 10 October 2013, Leinster House, Kildare St, Dublin 2.

E.5.3 Interview partner Lisbon

Maria Helena André, Member of Parliament, Coordinator of the Socialist group members of the European Affairs Committee, 6 June 2013, Assembleia da República, Rua de São Bento, 1249-068 Lisbon.

Maria Joao Costa, European Affairs Committee Adviser, Committee Support Division, 5 June 2013, Assembleia da República, Rua de São Bento, 1249-068 Lisbon.

Rita Pinto Ferreira, Director, Directorate of International Relations and Protocol (GARIP), 4 June 2013, Assembleia da República, Rua de São Bento, 1249-068 Lisbon.

Nuno Manana, Advisor, Cabinet of the Secretary of State for European Affairs, 4 June 2013, Gabinete do Secretário de Estado Adjunto e dos Assuntos Europeus é:Palácio da Cova da Moura, Rua da Cova da Moura,1, 350-115 Lisbon.

Carlo Costa Neves, Member of the European Affairs Committee, MEP, 6 June 2013, Assembleia da República, Rua de São Bento, 1249-068 Lisbon.

Antonio Rodriguez, Member of the European Affairs Committee, 6 June 2013, Assembleia da República, Rua de São Bento, 1249-068 Lisbon.

E.5.4 Interview partner Vienna

Feigl, Heihs, Monika, Clerk in the Green parliamentary group responsible for European affairs, 11 March 2015, Austrian Nationalrat, Löwelstraße 12, Vienna.

Groiß, Wener, Member of the European Stability Mechanism Standing Subcommittee (ÖVP), 12 March 2015, Austrian Nationalrat, Dr. Karl-Renner-Ring 3, Vienna.

Podgorschek, Elmar, Member of the European Stability Mechanism Standing Subcommittee (FPÖ), 11 March 2015, Austrian Nationalrat, Dr. Karl-Renner-Ring 3, Vienna.

Steininger, Florian, Clerk in the SPÖ parliamentary group responsible for European affairs, 9 March 2015, Austrian Nationalrat, Reichsratstraße 9, Vienna.

F. Appendix

F.1 Questionnaire: Parliamentary participation rights within the European Stability Mechanism (ESM)

Parliament: ***

1. Does your parliament take a vote on each sovereign aid packages within the ESM framework?

Answer	Further explications/comments
Yes	
If yes, which parliamentary body is responsible? The plenary, a committee, or a special committee established for that specific purpose?	

2. Does your parliament decide on each financial tranche of sovereign aid packages (or modifications of the sovereign aid packages)?

Answer	Further explications/comments
Yes	
If yes, which parliamentary body is responsible? The plenary, a committee, or a special committee established for that specific purpose?	
No	
If the government exclusively decides, is it nonetheless obliged to inform specific parliamentary bodies in advance? If yes, which ones?	

3. Is the government obliged to report on activities within the ESM framework?

Answer	Further explications/comments
Yes. If yes, please specify. Does it provide annual or quarterly reports? Is the entire plenary informed or only specific committees?	
No	

Table 38: Study Deutsche Bank on EFSF parliamentary participation rights

Country:	Sovereign aid packages: Who decides?	Tranches: Who decides?
Category 1: No participation of parliament		
Cyprus	Finance minister. Possible expansion of parliamentary powers by the beginning of November.	
Spain	Minister for Economy and Finance.	
Category 2: Government obligation to report to parliament		
Austria	Finance minister in agreement with the Chancellor. The Main Committee must be provided with quarterly report containing information on all EFSF activities.	
Belgium	Minister for Economy and Finance.	
France	Minister for Economy and Finance. 1) General obligation to provide information on budget-relevant decisions. 2) Semi-annual report on all EFSF activities to the finance committee of both chambers.	
Ireland*	Finance minister. Semi-annual report on all EFSF activities to the lower house.	
Luxembourg	Finance minister. The budget committee must be notified immediately only in the case of new aid packages.	
Netherlands	Finance minister. Obligation to provide information on all EFSF activities.	
Slovakia	Finance minister. Parliament is informed.	
Category 3: Voting on aid packages		
Estonia	Absolute majority vote in parliament.	Government; consultation with EU affairs committee.
Finland	Absolute majority vote in parliament.	Government. The <i>Grand Committee</i> is to be informed.
Germany	Simple majority vote in parliament (Bundestag). **	Finance minister in agreement with budget committee.
Greece*	Simple majority vote in parliament.	Finance minister.
Italy	Government by decree. But this has to be ratified by both chambers within 60 days.	Finance minister. Parliament is informed of decisions within 15 days.
Malta	Government. However, the justice minister must decide on a case-by-case basis whether parliamentary approval is required.	Finance minister.
Portugal*	Simple majority vote in parliament on budget-relevant decisions.	Finance minister.
Slovenia	Simple majority vote in parliament.	Government. Committee on EU affairs and Finance committee must be provided with a quarterly report on all EFSF activities.
* Country is recipient of an aid package and is a <i>stepping-out guarantor</i> , so there is no vote in parliament.		
** Special provisions apply on the ratification of measures to prevent contagion risks (e.g. secondary market intervention).		

Source 59: Deutsche Bank Research 2011, http://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD000000000280052.pdf.

Table 39: Parliamentary participation rights in the ESM¹⁴²

Country	Does your parliament take a vote on each sovereign aid packages within the ESM framework?	2. Does your parliament decide on each financial tranche of sovereign aid packages (or modifications of the sovereign aid packages)?	3. Is the government obliged to report on activities within the ESM framework?
Austria	<p>Yes: The <u>plenary</u> of the National Council has to mandate the Austrian representatives in the ESM Board of Governors (resp. in the Board of Directors) to consent to or abstain from a vote on granting, in principle, stability support to an ESM Member [Art. 50b Bundes-Verfassungsgesetz in conjunction with § 74d (1) Geschäftsordnungsgesetz-Nationalrat] Only in case of urgency such a mandate may be issued by the competent Standing Sub-Committee [§ 74d (2) Geschäftsordnungsgesetz].</p> <p>The competent Standing Sub-Committee has to mandate the Austrian representatives in the ESM Board of Governors (resp. in the Board of Directors) to consent to or abstain from a vote on a financial assistance facility agreement [§ 32h (1) no. 4 Geschäftsordnungsgesetz]. Such a vote shall be followed by a plenary debate. This debate will only have informative character.</p>	<p>No: The competent Standing Sub-Committee has to mandate the Austrian representatives in the ESM Board of Governors (resp. in the Board of Directors) to consent to or abstain from a vote changing instruments without amending the amount of a given financial stability facility [§ 32h (1) no. 5 Geschäftsordnungsgesetz]. Such a vote shall also be followed by a plenary debate that has only informative character.</p> <p>However, parliament does not decide on each financial tranche of sovereign aid packages.</p>	<p>Yes: The Minister of Finance provides quarterly reports which will be scrutinised by the competent Standing Sub-Committee and which will be published on the parliamentary website. Also, the Rules of Procedure (Geschäftsordnungsgesetz) foresee a number of government duties to report according to its Annex 3.</p>
Belgium	No ¹⁴³	No	No formal obligation
Cyprus	<p>No: The Constitution of the Republic of Cyprus provides for a presidential political system with a strict separation of powers. Therefore the legislative power, i.e. the House of Representatives does not have such competences.</p>	<p>No: There is no such obligation. However, if a Parliamentary Committee decides to discuss this issue, it can invite or summon any interested person or authority to provide information and evidence or to express and elaborate views and opinions on the matter under debate.</p>	<p>No: Unless a Parliamentary Committee enters such a matter for debate as explained above.</p>

¹⁴² Complete answers to the questionnaires.

¹⁴³ No Belgian representative responded to the questionnaire in writing. Information is based on a telephone interview with a representative of the Belgium permanent representation in June 2013.

Estonia	<p>Yes: The in the Act it is written that each new sovereign aid packages (memorandum of understanding/ MoU) within the ESM framework is voted in the plenary (and the Finance Committee would be the leading committee). In specific cases only to European Affairs Committee.</p> <p>§ 5 Memorandum of internal proceeding</p> <p>(1) a draft memorandum to vote and voting on the matter requires a prior decision of the Riigikogu Representative of the Republic of Estonia.</p> <p>(2) The Government may submit a draft memorandum, with the exception of Article 14, paragraph 2, Article 16, paragraph 2 and Article 17 paragraph 2 of the draft memorandum, instead of the Riigikogu (Riigikogu Rules and Procedures Act § 1521, paragraph 2) to European Affairs Committee to take a position as a memorandum draft disclosure could jeopardize the stability of the ESM's grant objectives. The Government justifies the submission of a memorandum to the European Affairs Committee.</p> <p>(3) shall apply to the processing of the draft Memorandum of § 4, paragraph 1, second sentence, and paragraphs 3 and 4.</p>	<p>Yes: All the decision making should be in the plenary but considering that some changes that are made in the MoU are minor or the MoU itself is confidential (before the decision is done in the ESM board) or the time limit is crucial then the Government may submit a draft memorandum to European Affairs Committee. And then the decision is made by the European Affairs Committee. The Government must justify the submission of the memorandum to the European Affairs Committee.</p> <p>§ 6 Memorandum of changes in domestic proceedings</p> <p>(1) amend the Memorandum to vote and voting on the matter requires a prior decision of the Riigikogu Representative of the Republic of Estonia.</p> <p>(2) The Government may, in subsection 1 shall submit a draft memorandum instead of the Riigikogu (Riigikogu Rules and Procedures Act § 1521, paragraph 2) to European Affairs Committee for consideration if:</p> <p>1) Memorandum, with the exception of Article 14, paragraph 2, Article 16, paragraph 2 and Article 17 paragraph 2 of the memorandum, a draft disclosure could endanger the stability of the ESM's target award, or</p> <p>2) a memorandum amending the amounts are insignificant and that the changes are not related to a stable volume expansion.</p> <p>(3) The Government justified under paragraph 2 of this section, the Commission submitted a draft memorandum.</p>	<p>Yes: In the law it is written that the Government must annually inform Riigikogu (plenary) about the ESMs contributions. But the European Affairs Committee is continuously up to date because it is discussed in euro group (and Ecofin Council).</p> <p>§ 8 Informing parliament ESM's activities</p> <p>(1) The Government will provide an overview of the annual session of the Riigikogu ESM's contributions and Estonia's participation in the ESM.</p> <p>(2) The Government or the authority of the Minister of Finance of the Riigikogu shall notify in writing immediately if:</p> <p>1) the application of stability support is made;</p> <p>2) take a decision to terminate the emergency reserve fund;</p> <p>3) ESM Member's contract or agreement does not comply with the obligation imposed by the Treaty of the Republic of Estonia and a significant increase in the capital requirement for the risk of liability for the payment of realization.</p>
Finland	<p>Yes: Yes; Grand Committee</p>	<p>Yes: In principle decided by the Grand Committee, with the understanding that individual tranches would not be voted on if they are covered by the original aid package, with no serious questions about eligibility for payment.</p>	<p>Yes: The government is obliged to seek a mandate before every Board of Governors meeting and to report afterwards, and to provide a report before and after each Board of Directors meeting, unless the BoD meeting's agenda manifestly does not affect the powers of the Eduskunta.</p>

France	<p>No:</p> <p>II : Le Parlement a été appelé à se prononcer à l'origine lors de l'examen de la loi n°2012-354 du 14 mars 2012 de finances rectificative pour 2012, qui a créé le programme 336 Dotation en capital du Mécanisme européen de stabilité et a ainsi autorisé le versement de la part de la France au capital du MES soit 16,3 milliards d'euros représentant 20,3% du dit capital.</p> <p>III : Dans les conditions et les formes prévues par le traité instituant le mécanisme européen de stabilité (MES), les différentes facilités financières sont octroyées sur décision du Conseil des gouverneurs, qui est composé des membres des gouvernements chargés des finances de chacun des États membres du MES. Aussi les assemblées parlementaires, et donc l'Assemblée nationale et le Sénat, n'interviennent pas dans le processus décisionnel du MES.</p>	<p>No:</p> <p>II : Le Gouvernement décide par le biais du ministre de l'économie et des finances qui siège au conseil des gouverneurs du MES. En vertu de l'article 33 de la loi n°2012-354 du 14 mars 2012 de finances rectificatives pour 2012, le Gouvernement est tenu d'informer les commissions chargées des finances de l'Assemblée nationale et du Sénat lorsque le conseil des gouverneurs adopte les décisions suivantes :</p> <p>La modification du capital autorisé du MES et l'adaptation de sa capacité de prêt maximale ;</p> <p>L'octroi d'un soutien à la stabilité du MES y compris la conditionnalité de politique économique ;</p> <p>La modification de la politique et des lignes directrices concernant la tarification de l'assistance financière ;</p> <p>La modification de la liste des instruments d'assistance financière à la disposition du MES.</p> <p>III : Ainsi que l'indique la réponse précédente, le Parlement n'intervient pas dans le processus décisionnel du MES et n'est donc pas consulté sur le versement des différentes tranches de l'assistance financière.</p>	<p>Yes:</p> <p>I. The Government is obliged to report on ESM activities each trimester (information about balance sheet and profit and loss) and to inform the Parliament when the ESM governor council takes decisions on the basis of d, f, h and i of 6. of article 5 of the treaty establishing the ESM (including decisions on aid packages).</p> <p>II. En vertu de l'article 33 de la loi n°2012-354 du 14 mars 2012 de finances rectificatives pour 2012, le Gouvernement transmet aux commissions de l'Assemblée nationale et du Sénat chargées des finances la synthèse trimestrielle de la situation financière du mécanisme européen de stabilité ainsi que le compte de profits et pertes faisant ressortir les résultats de ses opérations , prévus à l'article 27 du traité instituant le MES.</p> <p>III : En application de l'article 33 de la loi n° 2012-354 du mars 2012 de finances rectificative pour 2012, le Gouvernement doit transmettre, chaque trimestre, aux commissions des finances de l'Assemblée nationale et du Sénat la synthèse de la situation financière du MES. En outre, lorsque le Conseil des gouverneurs du MES décide une modification du capital autorisé du Mécanisme ou l'adaptation de sa capacité de prêt maximale, l'octroi d'un soutien à la stabilité, la modification de la politique et des lignes directrices concernant la tarification de l'assistance financière, ou encore la modification de la liste des instruments d'assistance financière à la disposition du MES, le ministre chargé de l'économie doit également en informer les commissions des finances du Parlement</p>
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<p>Germany</p>	<p>Yes: § 4 Absatz 1 ESM-Finanzierungsgesetz (ESMFinG)</p> <p><i>(2) In den Fällen, die die haushaltspolitische Gesamtverantwortung betreffen, darf die Bundesregierung einem Beschlussvorschlag in Angelegenheiten des Europäischen Stabilitätsmechanismus durch ihren Vertreter nur zustimmen oder sich bei einer Beschlussfassung enthalten, nachdem das Plenum hierzu einen zustimmenden Beschluss gefasst hat. Ohne einen solchen Beschluss des Plenums muss der deutsche Vertreter den Beschlussvorschlag ablehnen. Der Vertreter der Bundesregierung hat an der Beschlussfassung teilzunehmen.</i></p>	<p>Yes: for modifications: decision by budget committee required for “essential” modifications, cf. § 5 Absatz 2 ESMFinG but no for tranches: govt has to inform budget committee: § 5 Absatz 3 ESMFinG</p> <p>§5 (2) ESMFinG: <i>Der vorherigen Zustimmung des Haushaltsausschusses bedürfen:</i></p> <p><i>1. Entscheidungen über die Bereitstellung zusätzlicher Instrumente ohne Änderung des Gesamtfinanzierungsvolumens einer bestehenden Finanzhilfefazilität oder wesentliche Änderungen der Bedingungen der Finanzhilfefazilität,</i></p> <p><i>2. Beschlüsse über den Abruf von Kapital nach Artikel 9 Absatz 1 des Vertrags zur Einrichtung des Europäischen Stabilitätsmechanismus sowie die Annahme oder wesentliche Änderung der Regelungen und Bedingungen, die für Kapitalabrufe nach Artikel 9 Absatz 4 des Vertrags zur Einrichtung des Europäischen Stabilitätsmechanismus gelten,</i></p> <p>§5 (3) ESMFinG: <i>In den nicht von Absatz 2 erfassten Fällen, die die Haushaltsverantwortung des Deutschen Bundestages berühren, hat die Bundesregierung den Haushaltsausschuss zu beteiligen und seine Stellungnahmen zu berücksichtigen. Dies gilt insbesondere bei Beschlüssen über die Auszahlung einzelner Tranchen der gewährten Stabilitätshilfe.</i></p>	<p>Yes: cf. § 7 ESMFinG</p> <p><i>(1) Die Bundesregierung hat den Deutschen Bundestag und den Bundesrat in Angelegenheiten dieses Gesetzes umfassend, zum frühestmöglichen Zeitpunkt, fortlaufend und in der Regel schriftlich zu unterrichten. Sie hat dem Deutschen Bundestag in Angelegenheiten, die seine Kompetenzen betreffen, Gelegenheit zur Stellungnahme zu geben und seine Stellungnahmen zu berücksichtigen.</i></p> <p><i>(2) Die Bundesregierung übermittelt dem Deutschen Bundestag alle ihr zur Verfügung stehenden Dokumente zur Ausübung der Beteiligungsrechte des Deutschen Bundestages. Sie übermittelt diese Dokumente auch dem Bundesrat.</i></p> <p><i>(3) Dem besonderen Schutzbedürfnis laufender vertraulicher Verhandlungen tragen der Deutsche Bundestag und der Bundesrat durch eine vertrauliche Behandlung Rechnung.</i></p> <p><i>(4) Im Falle des Stabilitätshilfeersuchens einer Vertragspartei des Europäischen Stabilitätsmechanismus nach Artikel 13 Absatz 1 des Vertrags zur Einrichtung des Europäischen Stabilitätsmechanismus übermittelt die Bundesregierung dem Deutschen Bundestag und dem Bundesrat binnen sieben Tagen nach Antragstellung eine erste Einschätzung zu Inhalt und Umfang der beantragten Hilfen. Beabsichtigt die Bundesregierung, der Gewährung von Stabilitätshilfe nach Artikel 13 Absatz 2 des Vertrags zur Einrichtung des Europäischen Stabilitätsmechanismus zuzustimmen, übermittelt sie rechtzeitig eine umfassende Einschätzung zu Inhalt und Umfang der beantragten Hilfen sowie eine Stellungnahme zu der Bewertung der Europäischen Kommission nach Artikel 13 Absatz 1 des Vertrags zur Einrichtung des Europäischen Stabilitätsmechanismus und eine Abschätzung der finanziellen Folgen.</i></p>
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Greece	<p>I: Greece is recipient of an aid package and is a stepping out guarantor. There is no vote in Parliament.</p> <p>II: A bill is being debated and voted in the Standing Committee on Economic Affairs of the Hellenic Parliament. After that, the Plenary of the Parliament also debates on the bill and votes by simple majority.</p>	<p>I: Whenever the Greek MOU is updated Government informs the Economic and European Affairs Committee.</p> <p>II: The Hellenic Parliament does not vote on the amount of the tranches and cannot propose any such modifications, as this is not provided by the Standing Orders of the Parliament. Any past amendments on relevant conventions concerned only legal and technical issues. However, the Parliament is asked to ratify such conventions by a YES or NO vote.</p>	<p>I: No.</p> <p>II: No.</p>
Ireland	No	No	<p>Under the European Stability Mechanism Act 2012, in Section 8, the Minister of Finance, is required to report to the lower house of parliament, the aggregate value of contributions made by the State to the authorised capital stock of the ESM during a reporting period and cumulatively, up to the end of a reporting period.</p>
Italy	<p>Rather No</p> <p>Decisions taken within the ESM framework can be ruled by the general provision of the law n. 234/2012, whereby the Government is required to consult the Houses on agreements entailing the introduction or strengthening of financial or monetary rules that have significant consequences on the public finances and to ensure that the its position on European negotiations takes into account the parliamentary policy settings acts. In the event that the Government is unable to adhere to the policies as indicated by the Houses, the Government shall report and explain the reasons thereof.</p>	<p>Rather No</p> <p>Decisions taken within the ESM framework can be ruled by the general provision of the law n. 234/2012, whereby the Government is required to consult the Houses on agreements entailing the introduction or strengthening of financial or monetary rules that have significant consequences on the public finances and to ensure that the its position on European negotiations takes into account the parliamentary policy settings acts. In the event that the Government is unable to adhere to the policies as indicated by the Houses, the Government shall report and explain the reasons thereof.</p>	No

<p>Latvia</p>	<p>No</p> <p>II: According to the law the Latvian representative on the Board of Governors (in Latvia it is a minister of Finance) have to obtain the consent of the Cabinet of Ministers when deciding to grant a stability support to the ESM Member state concerned in the form of a financial assistance facility. The parliamentary involvement is not a legal requirement.</p> <p>In given situation it was the political will of the minister of Finance to inform the European Affairs Committee of the Saeima about the third sovereign aid package for Greece. For your information, the European Affairs Committee of the Saeima approved the official position of the Republic of Latvia about the third sovereign aid package for Greece within the scope of the upcoming Eurogroup meeting agenda (not the mandate to vote in the ESM Board of Governors).</p>	<p>No.</p> <p>Government is not obliged to inform the parliament about decisions on the financial tranche of sovereign aid packages (or modifications of the sovereign aid packages).</p>	<p>It depends on the nature of the decision at hand; the Latvian representatives on the Board of Governors will have to obtain the consent of the Saeima, the Budget and Finance (Taxation) Committee of the Saeima or the Cabinet of Ministers. Latvian representatives shall seek the consent of the parliamentary vote when deciding on: (1) changes in the authorised capital stock, (2) changes to the maximum lending volume, (3) changes of the list of financial assistance instruments. Latvian representative shall seek the consent of the Budget and Finance (Taxation) Committee of the Saeima vote when deciding on: (1) unpaid capital calls, (2) whether or not to take into account the possible contribution keys update to the European Central Bank's subscribed capital, if it increases the Latvian subscribed authorised capital stock.</p> <p>The government each year shall be submitted to the Parliament a report on the European Stability Mechanism. Activities within ESM framework are discussed in the Eurogroup, ECOFIN meetings. According to the Rules of Procedure of the Saeima the European Affairs Committee of the Saeima shall examine and adopt the official positions of the Republic of Latvia before they are communicated to European Union institutions as well as to the Eurogroup and ECOFIN. This is complementary tool to the regulation on Latvia's representation at the institutions of the European Stability Mechanism – the Board of Governors and the Board of Directors.</p> <p>II (addition September 2015): Latvian representative shall seek the consent of the Budget and Finance (Taxation) Committee of the Saeima vote when deciding on: (1) unpaid capital calls, (2) whether or not to take into account the possible contribution keys update to the European Central Bank's subscribed capital, if it increases the Latvian subscribed authorised capital stock. The government (the Cabinet of Ministers) each year shall be submitted to the Parliament a report on the European Stability Mechanism.</p>
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Luxembourg	No	No	Yes In addition to the laws approving the ESM, the Chamber of Deputies adopted a motion asking the government to report systematically to the Finance and Budget Committee prior to a meeting of the Council of Governors of the ESM in order “to set forth and discuss” the position of the Luxembourg Governor. The Committee is also informed on the outcome and the financial implications of the meetings of the Council of Governors
Malta	No	No	Yes, but optional Answer of the Maltese Finance Minister: “we can be summoned to report on the activities of the ESM before the Public Accounts Committee of the national parliament.”
Netherlands	Yes: The Dutch Government needs to assure that there is a (simple) majority in the plenary of the Dutch House of Representatives on: - on each sovereign aid package as such. - on the respective additional budget law This could be done by voting.	Yes: Yes, all the financial tranches and modifications with regard to the sovereign aid packages are discussed and decided on in the Financial Affairs committee and/or the Plenary of the Dutch House of Representatives. Government needs to assure that there is a (simple) majority in the Dutch House of Representatives. This could be done by voting.	Yes: Yes, the Dutch Government is held to inform the House of Representatives (plenary) on all decision of the EFSF/ESM in order to be discussed ex ante in a public debate. In practice and most of the time this is done in anticipation of the regular debates on the Government position in the Eurogroup and Ecofin Council.
Portugal	No	No According to the Portuguese legal framework applied for EFSF purposes and that may be used, as well, for ESM purposes, the Government shall inform the Parliament, within 1 month, on the justification, terms and conditions of operations made regarding aid packages. Additionally, every 6 months the Government shall inform the Parliament of the execution of these operations. The document is sent to the Committee on Budget, Finance and Public Administration	Yes: Through the Law on the State Budget for 2013, approved by the Parliament, the Portuguese Government was authorized to assume its share on the ESM, until the due limit. As regards as activities within the ESM framework, the Government may decide to apply the same rules as the EFSF, as previously referred: inform the Parliament, within 1 month, on the justification, terms and conditions of operations made regarding aid packages; and, every 6 months, inform the Parliament of the execution of these operations.

Slovakia	No There is no legal requirement in the Slovak Republic to involve the Slovak parliament or its parliamentary committees to adopt the potential decisions outlined in your email. However, we cannot rule out a theoretical possibility, in which a political decision could be made to bring the discussion on these proposal into the parliament or parliamentary bodies.	No	No
Slovenia	No	No	No But the Government presents the main elements of the financial programme and the total amount of the programme to the Committee on EU Affairs.
Spain	No	No	Se remite únicamente informe anual elaborado por el Mecanismo Europeo de Estabilidad que se remite al Consejo de Gobernadores

Source 60: Own presentation, based on questionnaires send to parliamentary administrations and deputies of the respective chambers. In italics, treaty provisions mentioned in the responses have directly been inserted. The responses can be found in the separate appendix of the thesis (on CD-ROM): For Austria see QESMPR_Austria_2013-01-13; for Cyprus see QESMPR_Cyprus_2013-02-18; for Estonia see QESMPR_Estonia_2013-01-31; for Finland see: QESMPR_Finland_2013-01-16; For France see: QESMPR_France I 2013-01-30, QESMPR_France II 2014-03-06 and QESMPR_France III 2014-04-10; for Germany see: QESMPR_Germany 2013-02-14 and ESMFinG, available from: <http://www.gesetze-im-internet.de/bundesrecht/esmfing/gesamt.pdf> (last accessed: 14.03.2014); for Greece see QESMPR_Greece 2014-04-04 and QESMPR_Greece II 2014-04-10; for Ireland see QESMPR_Ireland 201-03-26, for Italy see: QESMPR_Italy 2013-04-22, for Latvia see: QESMPR_Latvia 2014-09-26, for Luxembourg see: QESMPR_Luxembourg 2013-03-31, for Malta see: QESMPR_Malta 2014-02-04, for the Netherlands: see QESMPR_Netherlands 2014-07-22, for Portugal see: QESMPR_Portugal 2013-02-12, for Slovakia see: QESMPR_Slovakia I 2014-01-28, QESMPR_Slovakia II 2014-02-03, QESMPR_Slovakia II 2014-02-04; QESMPR_Slovakia IV 2014-02-04; QESMPR_Slovakia V 2015-07-09, for Slovenia see: QESMPR_Slovenia 2013-04-23; for Spain see: QESMPR_Spain 2014-04-04.

F.2 Interview Guide

Table 40: Interview guide (OPAL): financial/debt crisis

Oliver Höing/ Katrin Auel, October 2012



[...] We are interested in MPs' views on how the financial crisis has and possibly will in the future work of parliament and MPs. In particular, we would suggest asking questions on the following topics

Parliament's involvement in the crisis management:

- Where MPs informed fully and in time, did they get involved in the decision-making and how government used the fact that many of the measures are based on intergovernmental Treaties etc EU legal framework to define them as foreign policy and thus to bypass EU scrutiny parliamentary involvement (esp. EFSF, ESM, Fiscal Compact)? If they have weak formal power try to get involved informally?
- Did the crisis result in a fundamental weakening, strengthening of parliament or no real change measures/ instruments/ institutions do MPs see as especially problematic in terms of parliamentary involvement/legitimacy?
- How involved is parliament in the actual transposition (implementation) of the EU legal provisions into domestic law (e.g. Six-Pack, European Semester) and the day-to-day decisions made within the ESM?
- How well do different committees cooperate on 'crisis questions'?
- Do MPs feel that the crisis has led to a greater politicisation of the EU/EU issues in general parliament/public opinion? Has this led to a Europeanisation/greater attention to EU issues in general/in committees apart from the EAC?
- Have the decisions on the German Constitutional Court on the rights/involvement of the Bundestag had an impact on executive-legislative relations in their own parliament (BT as role model/signalling effect)?

General interest


- Impact of crisis on inter-parliamentary cooperation (greater incentives to exchange information cooperate?)
- Impact of crisis on the role and involvement of the administration (e.g. are MPs (even) more dependent on expertise of administration?)
- Do MPs feel that given the different strength of parliaments in crisis management, but also the differences between donors and recipients of financial assistance has led to different 'classes' of parliaments?

See next pages for info on different reforms/legal framework, parliamentary involvement in the

decisions by the German FCC. We do not expect that interviewers can cover all aspects in d questions are the ones we would find most helpful to get answers on, but they are meant as sugg We feel that it might be easier to organise interviews on the more general questions. In reality, were dealing with three sub-cases (i.e. the European Semester, ESM and Fiscal Compact) while time the number of interviews that can be done remains limited. However, if you do have interview who can provide you with detailed background information on how parliament deals/dealt w specific measures we first selected for the case study, it might be a good idea to milk them for worth.

Source 61: Own presentation.

Table 41: Interview guide (OPAL): Portugal and Ireland

<p>OPAL – Interview Guide Portugal and Ireland, June 2013</p>  <p>The Lisbon Treaty and parliament's involvement in EU affairs</p> <ul style="list-style-type: none">• Would you say that the reform of the EU scrutiny system in 2011 had a huge impact on <i>parliament involvement</i> in EU affairs? If yes, in how far? Please elaborate.• Did the Lisbon Treaty lead to a significant change of the <i>scrutiny of EU affairs</i> (rising awareness of more personal resources, increased politicisation)? If yes, in how far? Please elaborate. <p>Parliament's involvement in the crisis management</p> <ul style="list-style-type: none">• How did the parliament accompany and scrutinise instruments such as the EFSF, ESM or the Fiscal Compact?• In how far was the parliamentary handling of these measures <i>different</i> from the scrutiny of ordinary legislation?• Was the <i>scrutiny of European Council meetings</i> intensified?• Which influence does the parliament have in the day-to-day decision-making of the EFSF/ESM?• Could the parliament influence the negotiations of the memoranda of understanding?• How were the TSCG and especially the debt brake rule implemented; which role did the parliament play?• Can the parliament influence the drafting of the National Reform Programmes within the European Semester?• Did the crisis result in a fundamental weakening/strengthening of the parliament?• Which measures/ instruments/ institutions do you see as especially problematic in terms of parliament involvement and legitimacy?

Source 62: Together with Claudia Heffler, own compilation of the authors.

Table 42: Interview Guide: Case Study Austria

Sehr geehrter *****

Mein Name ist Oliver Höing, ich bin Doktorand der Politikwissenschaften an der Universität zu Köln und promoviere zum Thema parlamentarische Beteiligungsrechte im Europäischen Stabilitätsmechanismus (ESM).

Der österreichische Gesetzgeber hat starke Beteiligungsrechte des Parlamentes im ESM durchgesetzt, insbesondere im Vergleich zu anderen Staaten der Eurozone und den vorherigen Mitwirkungsmöglichkeiten in der Europäischen Finanzstabilisierungsfazilität (EFSF).

Wie werden diese Beteiligungsrechte in der Praxis umgesetzt? Wie, und in welchem Umfang informiert die Regierung das österreichische Parlament über laufende Hilfsprogramme innerhalb des Rettungsschirmes? Welche parlamentarischen Akteure sind beteiligt? Und welche praktischen Schwierigkeiten ergeben sich in der Umsetzung der formalen Beteiligungsrechte?

Diesen Fragen gehe ich unter anderem in meinem Dissertationsvorhaben nach. Österreich ist dabei eine wichtige Fallstudie; die konkrete Mitwirkung des Parlamentes war Gegenstand politischer Diskussionen.

Gerne würde ich Sie zu diesen Fragen in der Woche 16.-19. Februar für circa 30 Minuten in einem kurzen Experteninterview befragen. Ich sichere Ihnen dafür selbstverständlich strikte Anonymität zu. Die Aussagen in den Interviews dienen als spezifisches Hintergrundwissen für die Erstellung der Fallstudie.

Ich freue mich über einen Terminvorschlag Ihrerseits und verbleibe mit freundlichen Grüßen
Oliver Höing, Mag.

Source 63: Own presentation.

F.3 Data on independent variables

F.3.1 Credit ratings

Table 43: Rating scale: Moody's, Standard& Poor's and Fitch

Own operationalisation	Moody's	S&P	Fitch	Description
16	Aaa	AAA	AAA	Prime (Triple A)
15	Aa1	AA+	AA+	High grade
14	Aa2	AA	AA	
13	Aa3	AA-	AA-	
12	A1	A+	A+	Upper Medium grade
11	A2	A	A	
10	A3	A-	A-	
9	Baa1	BBB+	BBB+	Lower Medium grade
8	Baa2	BBB	BBB	
7	Baa3	BBB-	BBB-	
6	Ba1	BB+	BB+	Non-Investment grade speculative
5	Ba2	BB	BB	
4	Ba3	BB-	BB-	
3	B1	B+	B+	Highly Speculative
2	B2	B	B	
1	B3	B-	B-	
0	Caa1; Caa2; Caa3; Ca; C	CCC+; CCC; CCC-; CC; C; D	CCC; DDD	Substantial risks: Extremely speculative: in default with little prospect for recovery; in default.

Source 64: The table was taken from Wikipedia (<http://de.wikipedia.org/wiki/Ratingagentur>; last accessed 7 December, 2014) and cross-checked with information from the homepage of the rating agencies.

Table 44: Credit Rating Moody's between 2010 and 2012

Country	April 2010	Sep 2011	Jan 2012	June 2012	Oct 2012
Austria	Aaa	Aaa	Aaa	Aaa	Aaa
Belgium	Aa1	Aa1	Aa1	Aa1	Aa3
Cyprus	A2	Baa1	Baa3	Ba1	Ba3
Estonia	A1	A1	A1	A1	A1
Finland	Aaa	Aaa	Aaa	Aaa	Aaa
France	Aaa	Aaa	Aaa	Aaa	Aaa
Germany	Aaa	Aaa	Aaa	Aaa	Aaa
Greece	B1	Ca	Ca	C	C
Ireland	Baa3	Ba1	Ba1	Ba1	Ba1
Italy	Aa2	Aa2	A2	A3	Baa2
Latvia	Baa3	Baa3	Baa3	Baa3	Baa3
Luxembourg	Aaa	Aaa	Aaa	Aaa	Aaa
Malta	A1	A1	A2	A3	A3
Netherlands	Aaa	Aaa	Aaa	Aaa	Aaa
Portugal	A1	Ba2	Ba2	Ba3	Ba3
Slovak Republic	A1	A1	A1	A2	A2
Slovenia	Aa2	Aa2	Aa3	A2	Baa2
Spain	Aa1	Aa2	A1	A3	Baa3

Source 65: Own presentation. Information was taken from: <https://docs.google.com/spreadsheets/ccc?key=0AonYZs4MzlZbdDdpVmxmVXpmUTJCcm0yYT V2UWpHOVE#gid=12>, last accessed: 12 September 2014.

Table 45: Credit rating Fitch between 2010 and 2012

Country	Apr 2010	Sep 2011	Jan 2012	June 2012	Oct 2012
Austria	AAA	AAA	AAA	AAA	AAA
Belgium	AA+	AA+	AA+	AA+	AA
Cyprus	AA-	A-	BBB	BBB	BB+
Estonia	A	A+	A+	A+	A+
Finland	AAA	AAA	AAA	AAA	AAA
France	AAA	AAA	AAA	AAA	AAA
Germany	AAA	AAA	AAA	AAA	AAA
Greece	BB+	CCC	CCC	CCC	CCC
Ireland	BBB+	BBB+	BBB+	BBB+	BBB+
Italy	AA-	AA-	A+	A+	A-
Latvia	BBB-	BBB-	BBB-	BBB-	BBB-
Luxembourg	AAA	AAA	AAA	AAA	AAA
Malta	A+	A+	A+	A+	A+
Netherlands	AAA	AAA	AAA	AAA	AAA
Portugal	A-	BBB-	BBB-	BBB-	BB+
Slovak Republic	A+	A+	A+	A+	A+
Slovenia	AA	AA	AA-	AA-	A-
Spain	AA+	AA+	AA-	BBB	BBB

Source 66: Own presentation. Information was taken from: <https://docs.google.com/spreadsheets/cc?key=0AonYZs4MzlZbdDdpVmxmVXpmUTJCcm0yYT V2UWpHOVE#gid=12>, last accessed: 12 September 2014.

Table 46: Credit rating Standard& Poor's between 2010 and 2012

Country	April 2010	Sep 2011	Jan 2012	June 2012	Oct 2012
Austria	AAA	AAA	AA+	AA+	AA+
Belgium	AA+	AA+	AA	AA	AA
Cyprus	A	A-	BB+	BB+	BB
Estonia	A	A	AA-	AA-	AA-
Finland	AAA	AAA	AAA	AAA	AAA
France	AAA	AAA	AA+	AA+	AA+
Germany	AAA	AAA	AAA	AAA	AAA
Greece	BB+	CC	CC	SD	CCC
Ireland	BBB+	BBB+	BBB+	BBB+	BBB+
Italy	A+	A	BBB+	BBB+	BBB+
Latvia	BB+	BB+	BB+	BB+	BBB-
Luxembourg	AAA	AAA	AAA	AAA	AAA
Malta	A	A	A-	A-	A-
Netherlands	AAA	AAA	AAA	AAA	AAA
Portugal	A-	BBB-	BB	BB	BB
Slovak Republic	A+	A+	A	A	A
Slovenia	AA	AA	A+	A+	A
Spain	AA	AA	A	A	BBB-

Source 67: Own presentation. Information was taken from: <https://docs.google.com/spreadsheets/ccc?key=0AonYZs4MzlZbdDdpVmxmVXpmUTJCcm0yYT V2UWpHOVE#gid=12>, last accessed: 12 September 2014.

Table 47: Indicators assessing the macroeconomic situation of a country as of 2012

	Long-term		Medium-term		Medium/ Short Term		Short-Term
	GDP per capita in thousand	Public Gov. Debt	GDP Growth	Unemployment rate	Annual Governmental Deficit	Credit Rating	Interest rate ten-year government bonds
Austria	483 \$	81.5%	0.8%	4.9%	-2.3%	15.8	2.79%
Belgium	448 \$	103.8%	0.1%	7.6%	-4.1%	14.6	3.56%
Cyprus	288 \$	79.5%	-2.4%	11.9%	-5.8%	8.2	7%
Estonia	171 \$	9.7%	4.7%	10%	0.2%	12	n/a
Finland	474 \$	52.9%	-1.4%	7.7%	-1.8%	16	2.11%
France	409 \$	89.6%	0.2%	9.8%	-4.9%	15.8	2.91%
Germany	439 \$	79.3%	0.4%	5.4%	0.1%	16	1.63%
Greece	225 \$	156.9%	-6.6%	24.5%	-8.9%	1	25.07%
Ireland	484 \$	121.7%	-0.3%	14.7%	-8.2%	8.07	7.12%
Italy	349 \$	123.1%	-2.8%	10.7%	-3.0%	11.13	5.75%
Latvia	140 \$	40.9%	4.8%	15%	-1.3%	6.73	5.28%
Luxembourg	1.060 \$	21.9%	-0.7%	5.1%	0%	16	2.05%
Malta	212 \$	67.4%	2.5%	6.3%	-3.3%	11.13	4.25%
Netherlands	491 \$	66.5%	-1.1%	5.8%	-4.1%	16	2.15%
Portugal	206 \$	125.8%	-4.0%	15.8%	-6.4%	6.67	12.31%
Slovakia	172 \$	52.1%	1.6%	14%	-4.5%	11.67	4.92%
Slovenia	225 \$	53.7%	-2.7%	8.9%	-4.0%	12.53	5.62%
Spain	290 \$	84.4%	-2.1%	24.8%	-10.6%	11.6	5.7%

Source 68: Own presentation, sources have been indicated in the text. Information on the competitiveness of a country can be retrieved from World Bank 2012.

F.3.2 Eurosceptical Parties in Parliament

Table 48: Austria after parliamentary elections 2008

Political Parties	No. of seats in Parliament	Eurosceptical position based on Chapel Hill 2010 Ø	No. of seats * Eurosceptical position
SPÖ	57	5.29	301.29
ÖVP	51	6.43	327.86
FPÖ	34	1.93	65.57
BZÖ	21	2.43	51.00
Gruene	20	6.07	12.43
Total	183	22.15	867.14
Ø			4.74

Source 69: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Eurosceptical positions are derived from the Chapel Hill Index 2010.

Table 49: Belgium after parliamentary elections 2010

Political Parties	No. of seats in Parliament	Eurosceptical position based on Chapel Hill 2010 Ø	No. of seats * Eurosceptical position
PS (Partie Socialiste)	26	6.20	161.20
SP.A. (Socialiste Partei Ander)	13	6.07	78.87
ECOLO	6,5	6.00	39.00
Groen	6,5	6.20	40.30
MV (Mouvement Reformateur)	18	6.67	120.00
VLD (Flämische Liberale und Demokraten)	13	6.67	86.67
CDH (Centre Democrate Humainiste)	9	6.57	59.14
CDV	17	6.73	114.47
NVA	27	5.33	144.00
VB Vlaams Belang	12	2.60	31.20
Total	148		874.84
Ø			5.91

Source 70: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Eurosceptical positions are derived from the Chapel Hill Index 2010.

Note: The two parties ECOLO and Groen form a common parliamentary party group.

Table 50: Cyprus after parliamentary elections in 2006 and 2011

Political Parties	No. of seats in Parliament 2006	No. of seats in Parliament 2011	Euroseceptical position based on Chapel Hill 2010 Ø	No. of seats * Euroseceptical position 2006	No. of seats * Euroseceptical position 2011
DISY	18	20	6 ¹⁴⁴	108.00	120.00
AKEL	18	19	4,5	81.00	85.5
DIKO	11	9	6	66.00	54.00
EDEK	5	5	4,5	22.50	22.50
EK	3	2	6	18.00	12.00
KOP	1	1	4,5	4.50	4.50
Total	56	56	31.50		
Ø				5.36	5.33

Source 71: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroseceptical positions are derived from the Chapel Hill Index 2010.

Table 51: Estonia after parliamentary elections in 2007 and 2011

Political Parties	No. of seats in Parliament 2007	No. of seats in Parliament 2011	Euroseceptical position based on Chapel Hill 2010 Ø	No. of seats * Euroseceptical position 2007	No. of seats * Euroseceptical position 2011
SDE	10	19	6.57	65.71	124.86
EER	6	0	5.85	35.08	0.00
K	29	26	5.29	153.29	137.43
ER	31	33	6.79	210.36	223.93
IRL	19	23	6.50	123.50	149.50
ERL	6	0	4.57	27.43	0.00
Total	101	101	35.57	615.37	635.71
Ø				6.09	6,29

Source 72: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroseceptical positions are derived from the Chapel Hill Index 2010.

¹⁴⁴ Chapel Hill data is not available for Cyprus. The numbers are estimations from an OPAL country expert. They were double checked with information from secondary literature.

Table 52: Finland after parliamentary elections in 2007 and 2011

Political Parties	No. of seats in parliament 2007	No. of seats in parliament 2011	Euroseceptical position based on Chapel Hill 2010 Ø	No. of seats * Euroseceptical position 2007	No. of seats * Euroseceptical position 2011
VAS	17	14	4.11	69.89	57.56
SDP	45	42	5.89	265.00	247.33
VIHR	15	10	6.11	91.67	61.11
RKP (SFP)	10	10	6.33	63.33	63.33
KESK	51	35	5.40	275.40	189.00
KOK	50	44	6.38	318.75	280.50
KD	7	6	3.78	26.44	22.67
PS	5	39	1.67	8.33	65.00
Total	200	200	39.67		986.50
Ø				5.59	4.93

Source 73: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroseceptical positions are derived from the Chapel Hill Index 2010.

Table 53: France after parliamentary elections in 2007 and 2012

Political Parties	No. of seats in parliament 2007	No. of seats in parliament 2012	Euroseceptical position based on Chapel Hill 2010 Ø	No. of seats * Euroseceptical position 2007	No. of seats * Euroseceptical position 2012
PS	186	280	6.13	1139.25	1715.00
UMP	313	209	6.00	1878.00	1254.00
PRG	7	12	6.17	43.19	74.04
Les Verts	4	17	6.11	24.44	103.87
PCF	15	10	2.78	41.70	27.80
Divers gauche	15	22	4.44	66.67	97.78
Nouveau Centriste	22	12	6.29	138.29	75.43
MoDem	3	2	6.67	20.01	2.44
Mouvement pour la France	1	13	1.50	1.50	19.5
Divers droite	11	0	n/a	n/a	0
Total	565	565	46.09	3353.05	3350.36
Ø				5.81	5.84

Source 74: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroseceptical positions are derived from the Chapel Hill Index 2010.

Table 54: Germany after parliamentary elections in 2009

Political Parties	No. of seats in Parliament	Euroceptical position based on Chapel Hill 2010 Ø	No. of seats * Euroceptical position
CDU	194	6.00	1164.00
SPD	146	5.88	858.82
FDP	93	6.00	558.00
Linke	76	3.29	250.35
Gruene	68	6.00	408.00
CSU	45	4.94	222.35
Total	622	32.11	3461.53
	Ø		5.57

Source 75: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroceptical positions are derived from the Chapel Hill Index 2010.

Table 55: Greece after parliamentary election in June 2012

Political Parties	No. of seats in Parliament	Euroceptical position based on Chapel Hill 2010 Ø	No. of seats * Euroceptical position
PASOK	33	6.09	200.97
ND	129	5.27	680.18
SYRIZA	71	2.18	154.91
KKE	12	1.00	12.00
Laos	20	3.27	65.45
Dimar	18	2.00	36.00
Xa	17	1.00	17.00
Total	300	20.82	1166.52
	Ø		3,89

Source 76: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroceptical positions are derived from the Chapel Hill Index 2010, except for Dimar and Xa. Their positioning are estimations, but were cross-checked with relevant secondary literature.

Table 56: Ireland after parliamentary elections in 2007 and 2011

Political Parties	No. of seats in Parliament 2007	No. of seats in Parliament 2011	Euroseptical position based on Chapel Hill 2010 Ø	No. of seats 2007 * Euroseptical position	No. of seats 2011 * Euroseptical position
Fianna Fáil	78	20	6.38	497.25	127.50
Fine Gael	51	76	6.50	331.50	494.00
Labour Party	20	37	5.88	117.50	217.38
Green Party	6	0	5.00	30.00	0.00
Sinn Fein	4	14	2.63	10.50	36.75
Total	159	341	26.39	986.75	875.63
Ø				6.21	5.96

Source 77: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroseptical positions are derived from the Chapel Hill Index 2010.

Table 57: Italy after parliamentary elections in 2008

Political Parties	No. of seats in Parliament	Euroseptical position based on Chapel Hill 2010 Ø	No. of seats * Euroseptical position
LN Lega Nord	60	2.67	160.00
UDC Union di Centro	36	6.33	228.00
PDL	344	4.67	1605.33
IDV Italo de Valori	29	6.14	178.14
PD	217	6.56	1422.56
MpA	8	4.67	37.33
Total	694	31.04	3631.36
Ø			5.23

Source 78: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroseptical positions are derived from the Chapel Hill Index 2010.

Table 58: Latvia after parliamentary elections in 2010 and 2011

Political Parties	No. of seats in Parliament 2010	No. of seats in Parliament 2011	Euroseptical position based on Chapel Hill 2010 Ø	No. of seats 2010 * Euroseptical position	No. of seats 2011 * Euroseptical position
SC	29	31	3.11	90.22	96.44
ZZS	22	13	4.13	90.75	53.63
V	33	20	6.22	205.26	124.44
PLL	8	0	n/a ¹⁴⁵	n/a	0.00
NA	8	14	4.44	35.52	97.78
Zatler's Reform Party	0	22	6.00 ¹⁴⁶	0.00	132.00
Total	100	100	23.90	421.75	504.29
Ø				4.59	5.96

Source 79: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroseptical positions are derived from the Chapel Hill Index 2010, with the exceptions mentioned in the two footnotes.

Table 59: Luxembourg after parliamentary elections in 2009

Political Parties	No. of seats in Parliament	Euroseptical position based on Chapel Hill 2010 Ø ¹⁴⁷	No. of seats * Euroseptical position
Christian Social People's Party	26	7	182.00
Luxembourg Socialist Workers' Party	13	7	91.00
Democratic Party	9	6.5	58.50
The Greens	7	6.5	45.50
Alternative Democratic Reform Party	4	3.5	14.00
The Left	1	3	3.00
Total	60	33.5	394
Ø			6.57

Source 80: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroseptical positions are derived from the Chapel Hill Index 2010, with the exceptions mentioned in the two footnotes.

¹⁴⁵ Data for the PLL was not available and consequently not taken into account. It represents only 8% of parliamentary seats in 2010. The omission is unfortunate, but not expected to change the results significantly, especially since the PLL did not gain any seats in the 2011 elections.

¹⁴⁶ The data is estimated, provided by a country expert from the OPAL project.

¹⁴⁷ Data is based on estimations from OPAL country experts as well as on written answers of two Luxembourgian MPs.

Table 60: Malta after parliamentary elections in 2009

Political Parties	No. of seats in Parliament	Euroceptical position based on Chapel Hill 2010 \emptyset ¹⁴⁸	No. of seats * Euroceptical position
Nationalist Party	35	6.5	227.5
Labour Party	34	7	238
Total	69	13.5	465.60
\emptyset			6.74

Source 81: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroceptical positions are derived from the Chapel Hill Index 2010, with the exceptions mentioned in the two footnotes.

Table 61: Netherlands after parliamentary elections in 2010 and 2012

Political Parties	No. of seats in Parliament 2010	No. of seats in Parliament 2012	Euroceptical position based on Chapel Hill 2010 \emptyset	No. of seats 2010 * Euroceptical position	No. of seats 2012 * Euroceptical position
CDA	21	13	5.29	111.00	68.71
PvdA	30	38	5.29	158.57	200.86
VVD	31	41	3.93	121.79	161.07
D66	10	12	6.64	66.43	79.71
GL	10	4	6.21	62.14	24.86
SP	15	15	2.43	36.43	36.43
CU	5	5	3.79	18.93	18.93
PVV	24	15	1.36	32.57	20.36
PvdD	2	4	3.63	7.25	14.50
SGP	2	3	3.00	6.00	9.00
Total	349	341	41.57	621.11	634.43
\emptyset				4.14	4.23

Source 82: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroceptical positions are derived from the Chapel Hill Index 2010.

¹⁴⁸ Data is based on estimations from OPAL country experts.

Table 62: Portugal after parliamentary elections in 2009 and 2011

Political Parties	No. of seats in Parliament 2009	No. of seats in Parliament 2011	Euroseceptical position Ø based on Chapel Hill 2010	No. of seats 2009 * Euroseceptical position	No. of seats 2011 * Euroseceptical position
CDS	15	16	3.00	45.00	48.00
PS	97	74	7.00	679.00	518.00
PSD	81	108	6.67	540.00	720.00
BE	16	8	3.67	58.67	29.33
CDS/PP	21	24	5.50	115.50	132.00
Total	230	341	25.84	1438.17	1447.33
Ø				6.25	6.29

Source 83: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroseceptical positions are derived from the Chapel Hill Index 2010.

Table 63: Slovakia after parliamentary elections in 2010 and 2012

Political Parties	No. of seats in Parliament 2010	No. of seats in Parliament 2012	Euroseceptical position based on Chapel Hill 2010 Ø	No. of seats 2010 * Euroseceptical position	No. of seats 2012 * Euroseceptical position
SMER	62	83	5.87	363.73	486.93
Most	14	13	5.87	82.13	76.27
Sas	22	11	4.53	99.73	49.87
SDKU	28	11	5.20	145.60	57.20
KDH	15	16	4.53	68.00	72.53
SNS	9	0	3.08	27.69	0
OLanO	0	16	n/a	0	n/a
Total	150	341	29.08	786.88	742.80
Ø				5.25	5.54¹⁴⁹

Source 84: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroseceptical positions are derived from the Chapel Hill Index 2010, with the exception mentioned in the footnote.

¹⁴⁹ Reliable data for the newly founded Ola'nO party – which entered the Slovakian parliament for the first time in 2012 – was not available. It was therefore omitted for the calculation of the average score.

Table 64: Slovenia after parliamentary elections in 2008¹⁵⁰

Political Parties	No. of seats in Parliament	Euroceptical position based on Chapel Hill 2010 Ø	No. of seats * Euroceptical position
ZLSP	29	6.55	189.82
SDS	28	5.82	162.91
Zares	9	6.36	57.27
DeSUS	7	4.9	34.30
SNS	5	3.00	15.00
SLS-SMS	5	4.73	23.64
LDS	5	6.55	32.73
Total	88	37.91	515.67
Ø			5.86

Source 85: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroceptical positions are derived from the Chapel Hill Index 2010.

Table 65: Spain after parliamentary elections in 2008 and 2011

Political Parties	No. of seats in Parliament 2008	No. of seats in Parliament 2011	Euroceptical position based on Chapel Hill 2010 Ø	No. of seats 2008 * Euroceptical position	No. of seats 2011 * Euroceptical position
PSOE	169	110	6.75	1140.75	742.50
PP	154	186	6.00	924.00	1116.00
IU Izquierda Unida	2	11	4.75	9.50	52.25
Convergència i Unió	10	16	5.58	55.83	89.33
PNV/EAJ Partido Nacionalista Vasco	6	6	5.73	34.36	34.36
Esquerra Republicana de Catalunya	3	3	5.27	15.82	15.82
Bloque Nacionalista Gallego	2	2	4.82	9.64	9.64
Coalición Canaria	2	2	5.60	11.20	11.20
Unión Progreso y Democracia	1	5	5.27	5.27	26.36
Total	349	341	49.77	2206.37	2097.46
Ø				6.32	6.15

Source 86: Own presentation and calculation. Information on the number of parliamentary seats was gained from the official parliament's website. Information on Euroceptical positions are derived from the Chapel Hill Index 2010.

¹⁵⁰ In 2011, the newly formed party 'Positive Slovenia' (PS) became the strongest political party with 28 seats. Other political parties formed alliances in the run-up to the elections. Since no data for these new parties exists, I decided against re-calculating Chapel Hill score for Slovenia 2011. The newly founded PS can be considered a mainstream party. Therefore, the general attitude of the parliament is not expected to have changed significantly.

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Publikationen (Auswahl)

- 2016 (im Erscheinen): Der Europäische Stabilitätsmechanismus. Zwischen Transfer- und Stabilitätsunion, in: *integration* 1/2016.
- 2015 (mit Katrin Auel): National Parliaments and the Eurozone Crisis. Taking Ownership in Difficult Times, in: *West European Politics*, Vol. 38(2), S. 375-395.
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- (mit Johannes Müller Gómez): Towards the German model? Spitzenkandidaten and European Elections 2014, in: *L'Europe en formation*, no. 373, Vol. 55, 2014, S. 45-65.
- (mit Katrin Auel): Scrutiny in Challenging Times: National Parliaments during the Eurozone Crisis, SIEPS Policy Brief.
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- 2011 (mit Wolfgang Wessels): The European Council after Lisbon: The end of Franco German dominance? In: *CIFE-Themezeitschrift: L' Europe en formation*, S. 81-100.
- 2010 Euroscepticism. A Clash of Capitalisms? Politico-economic determinants of Eurosceptical attitudes (Magister Thesis).

Lehrtätigkeit

- 2015 WiSe Research Seminar on EU parliamentary democracy (Master)
- The Changing Governance and Institutions of European Economic and Monetary Union: Towards ever closer union? (Master, mit Matthias Götz)
- Aktuelle Debatten in der EU-Außenpolitik (Bachelor, mit Birte Windheuser)
- How to do research on the EU? (BA-Kolloquium)
- Einführung in das Politische System der Europäischen Union (Bachelor,

	mit Birte Windheuser)
2015 SoSe	Übung. Theories and Strategies of European Integration (Master Seminar) Resistances to European Integration in Times of the Euro Crisis (Bachelor Seminar) How to research on the EU? BA-Kolloquium. Current Challenges of EU Economic and Monetary Governance (Bachelorseminar, Teil der CISU-Summerschool)
2014 Wise	Übung. The European Council (Master Seminar)
2014 SoSe	(mit Claudia Heffler): The Political System of the EU: Governance and Institutions - " The democratic deficit of the European Union. What role for national parliaments? "
2012 SoSe	The democratic deficit and national parliaments in the European Union (Bachelor Seminar)
2011 SoSe	(mit Mirja Schröder): Deutschland und Frankreich in der EU. Konsens, Kontroversen, Kompromisse (Bachelor Seminar)

Fremdsprachen

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Französisch	Sicher in Wort und Schrift
Dänisch	Grundkenntnisse

EDV-Kenntnisse

Sicherer Umgang mit MS Office, LaTeX und Siebel

Köln, Dezember 2015

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