National parliaments in the European Stability Mechanism: The third rescue package for Greece in 2015

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I would like to thank Ben Crum, Henrik Enderlein and Olivier Rozenberg for insightful comments on previous versions of this paper.

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SUMMARY

The emergency regime of the European Stability Mechanism (ESM) affects the budgetary powers of national parliaments in the Euro area. But under what conditions do national parliaments get a substantial say on ESM rescue packages? This paper examines how national parliaments are involved in practice by examining the various possible drivers for substantial parliamentary involvement in the context of the negotiations on the third rescue package for Greece in 2015. Only few national parliaments can rely on direct legal enabling clauses for substantial parliamentary involvement. In other national parliaments, domestic political dynamics are the key explanatory factor. The paper concludes that this tangled web of parliamentary involvement in ESM affairs will remain a prominent feature of Europe’s post-crisis economic governance.

KEY WORDS

National parliaments – Economic governance – European Stability Mechanism – Democratic legitimacy

RÉSUMÉ

Le régime d'urgence du Mécanisme européen de stabilité (MES) affecte les pouvoirs budgétaires des parlements nationaux dans la zone euro. Mais dans quelles conditions les parlements nationaux ont-ils leur mot à dire sur les plans de sauvetage du MES ? Cette note examine la manière dont les parlements nationaux sont impliqués dans la pratique en regardant les différents vecteurs possibles d'une participation parlementaire substantielle dans le contexte des négociations sur le troisième plan de sauvetage pour la Grèce en 2015. Seuls quelques parlements nationaux peuvent compter sur des clauses de participation directe pour une implication parlementaire substantielle. Dans d'autres parlements nationaux, la dynamique de leur politique intérieure est le principal facteur explicatif. La note conclut que cet enchevêtrement d'engagements parlementaires dans les affaires du MES restera une caractéristique importante de la gouvernance économique de l'Europe après la crise.

MOTS CLEFS

Parlements nationaux – Gouvernance économique - Mécanisme européen de stabilité – Légitimité démocratique
1. Introduction

The creation of the European Stability Mechanism (ESM) has been one of the major institutional innovations in reaction to the Euro crisis. As a vehicle to grant financial assistance to Euro area members experiencing or threatened by severe financing problems, the ESM can provide loans as part of macroeconomic adjustment programmes and has other instruments at its disposal to safeguard financial stability.1 The ESM Treaty sets the legal framework under which financial assistance can be granted after national procedures in ESM member states have been completed. Financial assistance is provided in the form of loans which are secured by financial guarantees from ESM member states.2 Each ESM member country is fully liable for its share of the ESM’s capital; financial assistance packages thus affect the budgetary rights of national parliaments.

On Friday, 3 July 2015, at the beginning of the last regular session of the Bundestag before the summer break, President Norbert Lammert made an allusion that the plenary might have to reconvene soon and advised his colleagues in the following way:

"Do not swim too far. Perhaps it would also be a good idea to plan short holidays in Berlin within walking distance of the Reichstag building for this year’s summer break in order to be prepared for all eventualities.”3

Indeed, the German Bundestag was reconvened twice during the 2015 summer break for debates and votes in relation to the third rescue package for Greece. The widespread focus on the crucial role of the Euro area’s largest economy and the veto player role of its parliament in the context of the negotiations with Greece4, however, is only one part of the story: Seven other national parliaments were also involved in a substantial way.

The request for ESM stability support that ultimately led to the third rescue package for Greece was preceded by the end of the second financial assistance package under the EFSF on 30 June 2015. Greece was close to exiting the Euro and only just before 9am on Monday, 13 July 2015, the 19 Heads of State and Government at the Euro summit agreed on a statement which provided the basis for new financial assistance and in which the Greek authorities committed themselves “to legislate without delay a first set of measures”5 by Wednesday, 15 July 2015. A conference call of the Eurogroup yielded a positive assessment of these prior actions on that day. In view of a decision of the Board of Governors to start negotiations on a new ESM programme to be taken by the end of the week, relevant national procedures had to be completed by Friday, 17 July 2015. Greece also needed a “bridge financing” to meet its immediate financial needs. Importantly, the Euro summit had emphasised that “the start of negotiations does not preclude any final possible

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1 The Treaty establishing the European Stability Mechanism (ESM Treaty) was signed by those EU member states whose currency is the Euro. It entered into force in 2012 and has replaced previous ad-hoc arrangements and bodies for financial assistance that were set up in 2010. The ESM has an authorised capital of about €700 bn (consisting of €80 bn paid-in capital as well as €620 bn committed callable capital) and a maximum lending capacity of €500 bn.
2 Countries receiving financial assistance (against strict conditionality) benefit from the low interest rates that the ESM pays on the financial markets. In exchange for committing towards — and undertaking — economic reform and fiscal consolidation, they do not need to issue or refinance their debt on the financial markets while they are in a financial assistance programme.
4 See, for example, The Guardian (Angela Merkel faces tough vote as German MPs set to rebel over Greece, 17 July 2015, https://www.theguardian.com/world/2015/jul/17/angela-merkel-vote-german-mps-rebel-greece-bailout-bundestag) and the Financial Times (Angela Merkel wins German parliament’s backing for Greece bailout, 17 July 2015, https://www.ft.com/content/0c909836-2c72-11e5-8613-e7ae6d7bb7bd).
agreement on a new ESM programme”6. About three weeks later, the negotiations on the Memorandum of Understanding (MoU) and a financial assistance facility agreement were concluded. This, again, meant that the relevant national (parliamentary) procedures had to be completed ahead of the decision of the Board of Governors to approve the deal on 19 August 2015. A day later Greece received the first tranche of the €86 bn financial assistance package.

This paper examines under what conditions national parliaments get a substantial say on ESM rescue packages. The third rescue package for Greece serves as a single case study to analyse how exactly parliamentary procedures unfolded. The different trajectories of parliamentary involvement that are identified in this paper are evidence for national parliaments’ asymmetric empowerment in ESM affairs. This analysis is based on a closer examination of the eight creditor countries with substantial involvement by the national parliament, where lawmakers voted at least once in plenary or committee related to financial assistance for Greece in July or August 2015.7

Outline of this paper

The next section describes the decision-making process in the ESM. After that, section 3 presents the analytical framework of this paper and proposes six possible drivers of substantial parliamentary involvement in ESM rescue packages. On this basis, the following section 4 explains why national parliaments were substantially involved (or not). Section 5 then analyses different trajectories of parliamentary involvement and examines how, when and which bodies of national parliaments were active. This paper concludes in section 6 by revisiting the tangled web of the ESM and its procedures.

2. Decision-making on ESM rescue packages

ESM decision-making procedures are, as the Five Presidents’ Report conceded, “complex and lengthy”8 and the ESM has often been criticised for a lack of transparency (see Ban and Seabrooke 2017; De Nes 2015) as well as for its “opacity, confidentiality and secrecy” (Simone 2017: 207). This section presents the legal provisions for granting stability support under the ESM Treaty. National parliaments are subsequently conceptualised as part of the chain of delegation behind ESM decision-making. This section finally describes the methodological framework of this paper.

Legal provisions in the ESM Treaty

Article 13 of the ESM Treaty contains the legal provisions for granting stability support to a Euro area member in financial difficulties. Negotiations about financial assistance by the ESM are triggered by a request for stability support: “An ESM Member may address a request for stability support to the Chairperson of the Board of Governors.”9 After receiving that request, the Chairperson of the Board of Governors entrusts the European Commission, in liaison with the ECB, to carry out risk assessments on the financial stability of the Euro area, the sustainability of the public debt of the applicant country and its financing needs. Then, the Board of Governors

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6 Ibid.
8 EUROPEAN COMMISSION. Completing Europe’s Economic and Monetary Union (Report by Jean-Claude JUNCKER in close cooperation with Donald TUSK, Jeroen DIJSSELBLOEM, Mario DRAGHI and Martin SCHULZ), 2015, 18.
9 Article 13(1) ESM Treaty.
may decide “to grant, in principle, stability support to the ESM Member concerned in the form of a financial assistance facility”\textsuperscript{10}.

If such a decision is adopted, negotiations can start after the ESM Board of Governors has “entrusted the European Commission – in liaison with the ECB and, wherever possible, together with the IMF – with the task of negotiating, with the ESM member concerned, a MoU detailing the conditionality attached to the financial assistance facility.”\textsuperscript{11}

In parallel, the Managing Director of the ESM prepares the proposal for a financial assistance facility agreement. After that the Board of Governors decides to conclude the MoU and adopts the decision to grant stability support. As the last step, the MoU is signed by the European Commission on behalf of the ESM, “subject to prior […] approval by the Board of Governors”\textsuperscript{12}, while the financial assistance facility agreement shall be approved by the Board of Directors of the ESM\textsuperscript{13} (see Figure 1).

![Figure 1: The procedure for granting stability support](source)

Source: Own elaboration.

It is also important to note that under an emergency procedure in Article 4(4) ESM Treaty national “vetoes” from smaller Euro area members could be overturned\textsuperscript{14}, but the provision has never been used until now. If it were used, it would severely damage the legitimacy of a decision to grant financial assistance.

The ESM Treaty does not contain any provisions regarding parliamentary control\textsuperscript{15}, such as provisions to transmit documents, to inform or to seek the approval of rescue packages from either national parliaments or the European Parliament. The only obligation is to make the report of the ESM’s Board of Auditors “accessible” to national parliaments.\textsuperscript{16} The ESM stresses that “[u]ltimate control […] is with national parliaments”\textsuperscript{17}, because the members of its Board of Directors are representatives of the national parliaments.

\textsuperscript{10} Article 13(2) ESM Treaty.
\textsuperscript{11} Article 13(3) ESM Treaty.
\textsuperscript{12} Article 13(4) ESM Treaty.
\textsuperscript{13} Article 13(5) ESM Treaty.
\textsuperscript{14} Generally, decisions in the Board of Governors of the ESM are taken by mutual agreement, but Article 4(4) ESM Treaty allows to decide with a super-qualified majority of 85%. This is subject to a positive assessment by the European Commission and the ECB decide that such assistance is of systemic importance.
\textsuperscript{15} The voting power of national representatives in the Board of Governors of the ESM depends on their subscriptions to the authorised capital stock as set out in Annexes I and II to the ESM Treaty. Germany has a voting power of 27%; the voting power of Malta, the smallest member, is 0.1%.
\textsuperscript{16} However, the ESM’s Managing Director Klaus Regling has reported on the ESM’s activities to national parliaments of ESM member countries. He has also appeared before the ECON committee of the European Parliament for hearings and ESM representatives have spoken at the Interparliamentary Conference on Stability, Economic Coordination and Governance. Such practices could be formalised. The ESM and the European Commission, for instance, agreed a formal cooperation agreement in April 2018 (see Korhonen 2018: 72).
Governors are, in their capacity as national Finance Ministers, accountable to national parliaments.18

The chain of delegation in ESM affairs

The ESM Treaty (e.g., Louis 2012; Pilz 2016; Tomkin 2013) and asymmetries between national parliaments in ESM affairs (Fasone 2014; Höing 2015; Rittberger and Winzen 2015) have been extensively examined in the literature. If one considers the consequences of non-involvement for democratic accountability and executive oversight (no accountability, no oversight), the question of the role of national parliaments in ESM decision-making is an important question with broader implications for the Economic and Monetary Union (Benz 2013; Crum 2013).

As the ESM is in no accountability relationship to any parliamentary body and national parliaments can only play a role via the oversight of national government representatives in ESM decision-making bodies, this paper conceptualises ESM decision-making as a “chain of delegation” (Saalfeld 2000; Strøm et al. 2003). National parliaments delegate decision-making powers to the national government and its representative in the Board of Governors. Article 13(3) ESM Treaty then delegates the negotiation and monitoring of financial assistance programmes to the Troika which acts as the agent of national representatives in the Board of Governors (see also da Conceição-Heldt 2016).

Understanding the role of national parliaments

Domestic procedures can turn national parliaments into veto players over opening and concluding the negotiations on the financial assistance package. National parliaments generally have policy influence if they act in their function as legislator via powers to delay, to veto or to amend a mandate or when they can present an opinion (see Kreppel 2014: 117-19). Legislatures generally rely on receiving sufficient information to fulfil their control function (Krehbiel 1992). In case of the ESM, national governments have the task to provide information about ESM activities to national parliaments.19

Besides a right to be informed by their government, national parliaments can be asked to vote on motions related to the ESM that are prepared by the government (or tabled by parliamentary party groups); they can adopt opinions; they can be obliged to authorise decisions in which the national representative participates by voting a mandate that ties the hands of that representative in the Board of Governors; they can hold plenary debates about rescue packages; they can arrange committee hearings; and, finally, they can ask oral or written questions. National parliaments’ main possibility to become involved is via issuing a motion related to the negotiations or via issuing a mandate for the government representative in the Board of Governors.

Previous research has shown that some national parliaments are required to vote binding mandates for the government representative in the Board of Governors of the ESM, while others only have weaker rights (Fasone 2014: 15-23; Höing 2015; Rittberger and Winzen 2015). This leads to asymmetries in parliamentary involvement and in the bargaining strength of national governments, because greater domestic constraints mean an advantage at the international level.

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18 The composition of the ESM’s Board of Governors and the Eurogroup is identical (the Finance Ministers of Euro area countries), but how the two bodies are intertwined complicates holding them accountable: the former, an informal body based on Protocol No 14 annexed to the EU Treaties is not supposed to take decisions even though it prepares ESM decisions, and the latter is totally outside the EU’s legal framework.

19 For instance, the German Federal Constitutional Court demanded in its judgement of 12 September 2012 that ESM Treaty provisions on professional secrecy and immunity may not prevent the Bundestag from receiving all relevant information about ESM activities. The Contracting Parties to the ESM Treaty acknowledged this in an interpretative declaration to the ESM Treaty, signed on 27 September 2012.
that allow a negotiator to say: “I’d like to accept your proposal, but I could never get it accepted at home” (Putnam 1988: 440).

This paper seeks to advance the literature on the ESM by turning away from the analysis of parliamentary prerogatives (Höing 2015; Rittberger and Winzen 2015; Winzen 2017) towards the analysis of national parliaments’ actual activities: “[T]o gain a full picture of parliamentary strength, it is vital to take actual parliamentary behaviour into account” (Auel et al. 2015: 65). The analysis adopts a rational-institutionalist perspective: (National) political actors have clear and given interests and pursue them according to the institutional constraints that they face.

Among all national parliaments in the Euro area, eight national parliaments were substantially involved in relation to the third rescue package for Greece (see Table 1).20 Parliamentary activity without a vote being taken in plenary or committee does not count as substantial involvement. Other national parliaments than the eight substantially involved legislatures played a smaller role21, or none at all (see Kreilinger 2015; Moschella 2017: 10; Wendler 2017: 180). This means that ten national parliaments were not substantially involved.22

Table 1: Parliamentary involvement in relation to the third rescue package for Greece (2015)

<table>
<thead>
<tr>
<th>Substantially involved</th>
<th>Not substantially involved</th>
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<tbody>
<tr>
<td>Austria</td>
<td>Belgium</td>
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<td>Estonia</td>
<td>Cyprus</td>
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<td>Finland</td>
<td>Ireland</td>
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<td>France</td>
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<td>Germany</td>
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<td>Latvia</td>
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<td>Netherlands</td>
<td>Malta</td>
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<tr>
<td>Spain</td>
<td>Portugal</td>
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<td></td>
<td>Slovakia</td>
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<td></td>
<td>Slovenia</td>
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</table>

Source: Own elaboration.

Notes: In case of bicameral systems, “national parliament” refers to the lower chamber. “Substantial parliamentary involvement” means that the national parliament voted at least once in plenary or committee related to financial assistance for Greece in July or August 2015. The recipient country (Greece) is not included.

This overview of parliamentary involvement relates to earlier research on parliamentary prerogatives in ESM affairs (Höing 2015; Rittberger and Winzen 2015: 435-37). One contribution has classified Estonia, Finland, Germany and the Netherlands as having quasi-veto powers and

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20 “Substantial parliamentary involvement” means that the national parliament voted at least once in plenary or committee related to financial assistance for Greece in July or August 2015.

21 Greece, the recipient country, is not included. See also Wendler (2017: 180) who uses “votes” as defining parliamentary involvement, too. But, unlike this paper, Wendler also includes Lithuania in that category. For Lithuania, see sub-section 4.3 Domestic political dynamics.

22 An example of parliamentary activity without a vote is Ireland, where a parliamentary committee debated before the start of negotiations.
Austria with partial veto-powers (Höing 2015: 221-22). Another contribution has found that only the national parliaments in Austria, Estonia, Germany have obtained strong approval rights, while the rights of national parliaments in Luxembourg and the Netherlands related to ESM stability support are limited (Rittberger and Winzen 2015: 436). National parliaments’ actual involvement in the case of the third rescue package was not fully in line with these findings: More national parliaments (eight) than those which had been assessed as holding strong parliamentary prerogatives (only Estonia and Germany in both contributions) were substantially involved in case of the third rescue package for Greece. This is one of the issues to be examined in the next section of this paper.

Data, method and cases

This paper aims to identify the drivers behind parliamentary involvement in ESM affairs and pursues a systematic analysis of the two-level negotiation process on the third rescue package for Greece. Beyond prerogatives and legal provisions, it is important to know what national parliaments actually do in relation to an ESM rescue package. In order to explain parliamentary involvement, this paper examines and compares the activities that national parliaments undertook in relation to the third rescue package for Greece in July and August 2015.

The parliamentary strength and activity in EU affairs and the budget process and the situation of the national economy in the eight countries whose national parliaments were substantially involved are compared with the ten countries whose national parliaments were not substantially involved in case of the third rescue package for Greece. The explanatory variables that are examined through the most common strategy to decide whether differences between two means are statistically significant, a $t$-test, include the index of EU control rights by Winzen (2012) and the OPAL scores on national parliaments’ institutional strength and activity in EU affairs. The OPAL institutional strength score measures access to information, the quality of the scrutiny infrastructure and the level of oversight/influence in national parliaments (Auel et al. 2015: 66-71) while the OPAL activity score covers activity in terms of mandates/resolutions, committee meetings and opinions in national parliaments from 2010 to 2012 (Auel et al. 2015: 71-74). For budgetary strength, the indices by Wehner (2006) and Hallerberg et al. (2012) measure access to budgetary information, time available for scrutiny, the government’s flexibility in implementing the budget and other items. Furthermore, a series of key macroeconomic indicators, already used by Crum (2013) and updated in this paper, covers the GDP, unemployment, the current account and budget deficit/surplus.

In order to capture the domestic political dynamics, this paper then analyses the agenda-setting process that launched the respective parliamentary procedures, the content of the debates and the voting results. If a national parliament was not substantially involved, media reports, press releases and other documents are taken into account to illustrate the national debate about parliamentary involvement in relation to the third rescue package for Greece. The level of analysis is, again, the national (parliamentary) system. In addition to the previous evidence, insights from a small number of semi-structured interviews with MPs and administrators (in the two ESM member countries with the highest share of capital and guarantees, Germany and France) complement and allow to triangulate some of the findings.

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23 What Höing describes as “veto-powers” is a legal obligation to vote, while the notion of “substantial parliamentary involvement” in this paper covers all votes, also those that took place without a legal obligation.

24 Latvia (national parliament substantially involved) and Lithuania (not substantially involved) introduced the euro in 2014 and in 2015. Both were not covered by previous research.

25 Compared to the Winzen 2012 index, his 2017 index (Winzen 2017) only uses a different scale. The analysis in this paper relies on Winzen 2012, because the index and its 0-2.5 scale have been used widely.

26 This can be found in greater depth in KREILINGER, Valent. National parliaments in Europe’s post-crisis economic governance. Doctoral thesis, Hertie School of Governance, 2019, but all sections of this paper contain the most important references.
3. Driving factors for national parliaments’ involvement

The overall decision-making procedure for granting stability support begins with the request of an ESM member country for stability support and concludes when the MoU is signed. In this process, not only the provisions in Article 13 ESM Treaty, but also the unfolding of national procedures and the possibility of substantial parliamentary involvement must be taken into account (see Figure 2).

Figure 2: National procedures and the procedure for granting ESM stability support

In order to examine the question “under what conditions do national parliaments get a substantial say on ESM rescue packages?”, this section proposes six possible drivers for substantial parliamentary involvement in the ESM. It clusters the different possible drivers along three action logics (institutional path dependency, economic strength and domestic political dynamics) and discusses them one after the other.

The literature on national parliaments and the ESM, in particular Höing (2015) and Rittberger and Winzen (2015), identified previously strong powers of the national parliament in EU affairs or in the budget procedure and economic strength or financial leverage in the Euro area as the main explanatory factors for prerogatives of a national parliament in ESM affairs (see also Winzen 2017: 151-75). This study additionally proposes three driving factors related to domestic political dynamics.
Institutional path dependency

Historical institutionalism would assume that rights of national parliaments to grant (or withhold) a mandate for the national representative in the ESM Board of Governors come from strong EU scrutiny powers or a strong role in the budget process. The first set of possible drivers follows the assumption that when parliaments are “faced with new situations or challenges[, they] will draw on pre-existing institutions or patterns of behaviour rather than considering new ones” (Auel and Christiansen 2015: 266). But if “parliaments are already marginal […], further loss of institutional competences to the ESM should raise little criticism from national policy-makers” (Winzen 2017: 163) and those weak parliaments are unlikely to be substantially involved in case of ESM rescue packages. Whether parliamentary rights are used and national parliaments become actually substantially involved when a Euro area member requests financial assistance from the ESM, is another question. Strong EU scrutiny powers and a strong role in the budget process are therefore necessary, but not sufficient conditions for substantial parliamentary involvement in ESM affairs.

The first of the six possible drivers for substantial parliamentary involvement is strength/activity in EU affairs, the second driver is strength in the budget process. In order to measure those powers, this study relies on the index of EU control rights by Winzen (2012), the OPAL scores by Auel et al. (2015) for national parliaments’ institutional strength and activities in EU affairs and on the indices by Hallerberg et al. (2012) and Wehner (2006, 2010) for budgetary affairs.28

Economic strength

The third driver for substantial parliamentary involvement is economic strength. Creditor countries are asked to accept “ever more staggering commitments to cover the ever-increasing financial risks associated with a succession of rescue funds” (Scharpf 2012: 25). More specifically, while countries with a weak economy might need their own rescue package in the future, the national parliaments in economically strong countries could have a greater incentive to become substantially involved in ESM affairs (see Höing 2015: 71): The redistributive effects of ESM rescue packages threaten the economic and financial situation of creditor countries. National parliaments of creditor countries could therefore use their involvement to ensure strict conditionality of stability support. This reasoning follows the observation that redistributive effects are controversial in net contributor countries to the EU budget and have led to tighter scrutiny of national contributions to the EU budget (Rittberger and Winzen 2015: 443).

In order to capture the economic strength (or weakness) of a country, this study relies on a set of key macroeconomic indicators already used by Crum (2013: 617) and updates them.29 If substantial parliamentary involvement was shaped by economic strength, this would deepen asymmetries between Northern European creditor countries and Southern European debtor countries (Benz 2013; Moschella 2017). Economic strength is a possible driver for substantial involvement, but parliamentary procedures and involvement are unlikely to be solely based on such an external factor. National parliaments could also be involved in economically weak countries for different reasons. Economic strength is thus neither necessary nor sufficient, but

27 Indeed, a national parliament may have had limited budget powers before the ESM was created: The “power of the purse” (Wehner 2006), that parliaments have, varies widely: Many legislatures do not have the institutional means or the political independence to be influential budgetary actors. For these parliaments, the approval of the national budget is, according to Wehner (2010: 141), “little more than a constitutional myth”.

28 A correlation table for the different institutional path dependency indices can be found in Kreilinger (2019: 273): Unsurprisingly, there are some rather strong and highly statistically significant correlations between EU control rights (Winzen 2012) and the OPAL institutional strength score (Auel et al. 2015a): \( r = 0.774, p < 0.001 \); between the OPAL institutional strength and the OPAL activity score: \( r = 0.682, p < 0.01 \); and between budgetary power (Wehner 2006) and budgetary strength (Hallerberg et al. 2012): \( r = 0.765, p < 0.01 \).

29 The analysis considers GDP growth, GDP per capita compared to the EU average, unemployment rate, the three-year average of the current account balance and the budget deficit/surplus of a country in 2015. See Kreilinger (2019: 275) for the different indicators. For a correlation matrix, see also Kreilinger (2019: 275). Only the unemployment rate and the budget deficit/surplus are strongly negatively and statistically significantly correlated: \( r = -0.715, p < 0.001 \).
could nevertheless be a possible additional driver behind substantial involvement by national parliaments.

**Domestic political dynamics**

Besides institutional path dependency and economic strength, actual parliamentary activities could also be shaped by domestic political dynamics. The remaining three possible drivers all refer to this action logic. As there is no evidence for recent institutional reforms of national parliaments' ESM-related legal provisions, discrepancies between ESM-related prerogatives of national parliaments (Höing 2015; Rittberger and Winzen 2015) and their actual parliamentary activities in the case of the third rescue package for Greece (Kreilinger 2015) — more national parliaments were substantially involved than those legally required to become substantially involved — suggest that national parliaments did not undertake ESM-related institutional reforms, but that "strategic partisan exigencies" (Winzen 2017: 164) were strong enough to trigger substantial parliamentary involvement.

In countries where substantial parliamentary involvement takes place despite the absence of a legal enabling clause for it, governing parties and opposition parties can resort to votes in order to exploit a rescue package domestically. On the one hand, substantial involvement could be in line with the preferences of the government. In that case, it is the political will of the government to have a motion supporting the government's policy approved by the national parliament. This kind of legitimation is merely pro-forma (see Enderlein 2013: 732). Furthermore, if a coalition partner tries to monitor the rest of the government (Martin and Vanberg 2004), one would, in the case of an ESM rescue package, expect the coalition partner from Party A to trigger a procedure in which a parliamentary mandate is issued for the Finance Minister from Party B. On the other hand, a motion could also be tabled by the opposition or a vote takes place based on a different parliamentary procedure and this provides the basis for the legislature to become substantially involved in relation to an ESM rescue package.

These considerations lead to three other possible drivers for substantial parliamentary involvement: *(Symbolic) government interests* to involve parliament (fourth driver), monitoring by a *(junior) coalition partner* (fifth driver) and *effective opposition mobilisation* (sixth driver). In all of these three cases of domestic political dynamics, a vote must take place in relation to the financial assistance package in order for the activity to count as substantial ESM-related parliamentary involvement.

In short, this section argued that six drivers determine the parliamentary agenda in favour or against substantial involvement. The framework that has been put forward suggests *institutional path dependency, economic strength and domestic political dynamics* as the three action logics that shape the parliamentary agenda.

### 4. Explaining the involvement of national parliaments

This section examines the possible drivers for parliamentary involvement in ESM affairs. It reviews the explanatory power of each of the respective drivers for substantial parliamentary involvement under the three action logics *(institutional path dependency, economic strength and domestic political dynamics)* in turn. The aim is to systematically identify the factors that trigger substantial involvement and to assess how, for instance, a legal obligation for parliamentary involvement or the strategic calculations of domestic political actors mattered. The underlying question is whether, for instance, national parliaments that were substantially involved in the ESM rescue package are associated with a higher parliamentary strength in EU affairs than those national parliaments that were not substantially involved.
4.1. Institutional path dependency

The first step in order to explain parliamentary involvement with respect to the action logic of institutional path dependency is a series of statistical difference-of-means comparisons (t-tests). The question is whether it reveals that the differences of the means (between those national parliaments that were substantially involved and those that were not) are statistically significant or whether they are not statistically significant.

Parliamentary strength and activity in EU affairs

The differences (between those national parliaments that were substantially involved and those that were not) are not statistically significant, except for the OPAL score on institutional strength (Auel et al. 2015) which is statistically significant at the 0.05 level (see Table 2).

Table 2: National parliaments’ scores in EU affairs (t-tests)

<table>
<thead>
<tr>
<th></th>
<th>t</th>
<th>df</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control rights EU (Winzen 2012)</td>
<td>1.03</td>
<td>16.0</td>
<td>0.316</td>
</tr>
<tr>
<td>OPAL institutional strength (Auel et al. 2015a)</td>
<td>2.39</td>
<td>16.0</td>
<td>0.030</td>
</tr>
<tr>
<td>OPAL activity (Auel et al. 2015a)</td>
<td>1.82</td>
<td>16.0</td>
<td>0.088</td>
</tr>
</tbody>
</table>

Source: Own elaboration with jamovi 0.9.1 on Ubuntu 18.04.

The group of substantially involved national parliaments \((N = 8)\) is associated with an OPAL institutional strength score \(M = 0.618\) \((SD = 0.147)\). By comparison, the group of not substantially involved national parliaments \((N = 10)\) is associated with a numerically smaller OPAL score for institutional strength \(M = 0.454\) \((SD = 0.142)\) (see Table 3). Substantively, this is an important difference: On a 0-to-1 scale, the OPAL institutional strength score ranges from 0.16 (Belgian Senate, weakest chamber) to 0.84 (Finnish Eduskunta, strongest chamber). 0.618 corresponds to the strength of the German Bundesrat, the 8th strongest chamber in the ranking of 40 parliamentary chambers, while a value of 0.454 is slightly below the average and is the equivalent of the OPAL institutional strength scores for the Irish Dáil or the Portuguese Assembleia (see Auel et al. 2015: 79).

Table 3: OPAL score institutional strength in EU affairs (group descriptives)

<table>
<thead>
<tr>
<th>Group</th>
<th>N</th>
<th>Mean</th>
<th>Median</th>
<th>SD</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPAL institutional strength</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Substantially involved</td>
<td>8</td>
<td>0.618</td>
<td>0.605</td>
<td>0.147</td>
<td>0.0520</td>
</tr>
<tr>
<td>Not substantially involved</td>
<td>10</td>
<td>0.454</td>
<td>0.460</td>
<td>0.142</td>
<td>0.0450</td>
</tr>
</tbody>
</table>

Source: Own elaboration with jamovi 0.9.1 on Ubuntu 18.04.
This independent samples *t*-test examined the hypothesis that the substantially involved national parliaments and the not substantially involved national parliaments were associated with statistically significantly different institutional strengths in EU affairs. The two groups were sufficiently normal for the purpose of conducting a *t*-test (Shapiro-Wilk *W* = 0.965, *p* = 0.696). The assumption of homogeneity of variances was also tested and satisfied according to Levene’s *F* test, *F*(1) = 0.342, *p* = 0.567 (see Table 4). As described, the *t*-test was associated with a statistically significant effect at the 0.05 level: *t*(16) = 2.39, *p* = 0.030. Substantially involved national parliaments are therefore associated with a statistically significantly larger mean institutional strength in EU affairs than not substantially involved national parliaments.

### Table 4: OPAL score institutional strength in EU affairs (assumptions)

<table>
<thead>
<tr>
<th>Independent Samples <em>t</em>-test</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>OPAL institutional</td>
<td>2.39</td>
<td>16.0</td>
<td>0.030</td>
<td>1.13</td>
</tr>
</tbody>
</table>

#### Test of Normality (Shapiro-Wilk)

<table>
<thead>
<tr>
<th>OPAL institutional</th>
<th>0.965</th>
<th>0.696</th>
</tr>
</thead>
</table>

Note: A low *p*-value suggests a violation of the assumption of normality.

#### Test of Equality of Variances (Levene’s)

<table>
<thead>
<tr>
<th>OPAL institutional</th>
<th>0.342</th>
<th>1</th>
<th>0.567</th>
</tr>
</thead>
</table>

Note: A low *p*-value suggests a violation of the assumption of equal variances.

Source: Own elaboration with jamovi 0.9.1 on Ubuntu 18.04.

This shows that one of the two indices that measures the strength of national parliaments in EU affairs (the OPAL score on institutional strength in EU affairs, Auel et al. 2015a), is able to explain whether national parliaments were substantially involved or not. The OPAL activity score is not able to predict substantial parliamentary involvement in ESM affairs either. Beyond the statistical analysis, however, it is also important to examine the differences qualitatively.

On the one hand, the Finnish Eduskunta has the highest OPAL scores for institutional strength (0.84) and activity (0.60) as well as the second-highest score in Winzen’s 2012 ranking. The national parliaments of Estonia, Germany and the Netherlands have strong EU scrutiny rights (Winzen 2012) and, according to the OPAL scores by Auel et al. (2015), their institutional strength in EU affairs and their overall EU-related activity are also high. Latvia’s Saeima is at the average in terms of institutional strength, its OPAL activity score is below the average; Winzen (2012) sees

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30 For the other index on institutional strength in EU affairs (Winzen 2012), this is not the case: *p* = 0.316 (see Table 2).
its parliament as rather strong. The Austrian Nationalrat, also considered relatively strong and active31, is above the Euro area average for each of the three EU affairs variables.

On the other hand, the national parliaments of France and Spain have control rights in EU affairs, institutional strength and activity (as measured by the OPAL scores) and budgetary strength that are generally near or below the average. Among the ten national parliaments that were not substantially involved in case of the third rescue package for Greece, only the Lithuanian Saeima and the Slovenian Chamber also have a high OPAL score for institutional strength.

**National parliaments’ budgetary strength**

Factors such as parliamentary access to budgetary information, time available for scrutiny and the government’s flexibility in implementing the budget, covered by the Wehner (2006) and Hallerberg et al. (2012) indices, could also matter for substantial parliamentary involvement in case of an ESM rescue package. But the differences between those national parliaments that were substantially involved and those that were not substantially involved are not statistically significant (see Table 5).

<table>
<thead>
<tr>
<th></th>
<th>t</th>
<th>df</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgetary power (Wehner 2006)</td>
<td>1.54</td>
<td>10.0</td>
<td>0.155</td>
</tr>
<tr>
<td>Budgetary strength (Hallerberg et al. 2012)</td>
<td>1.11</td>
<td>16.0</td>
<td>0.282</td>
</tr>
</tbody>
</table>

Source: Own elaboration with jamovi 0.9.1 on Ubuntu 18.04.

On Hallerberg et al.’s (2012) 0-to-6 scale for parliamentary strength in the budget process, the Austrian Nationalrat (5), the Finnish Eduskunta (5), the German Bundestag (4), the Latvian Saeima (4) and the Dutch Tweede Kamer (4) are strong parliaments in the budget process while the Estonian Riigikogu only achieves a score of 1. Wehner (2006) has similar results for Germany and Austria and puts them in the upper quartile of his index of legislative budget institutions (52.8 and 55.6 on a 0-to-100 scale). The score of the Dutch Tweede Kamer is 59.7, the Finnish parliament is at the median.32

Among the ten national parliaments that were not substantially involved in case of the third rescue package for Greece, the budgetary powers of the legislature in Belgium have also been assessed as quite strong (Hallerberg et al. 2012: 70; Wehner 2006: 777).

These initial findings suggest that (only) the presence of one of the first two drivers proposed as explanatory factors under the action logic of institutional path dependency, **parliamentary strength in EU affairs** (measured through the OPAL institutional score), is a necessary but not a sufficient condition for substantial parliamentary involvement.

### 4.2. Economic strength

The second action logic is **economic strength**. As suggested under the third driver for substantial parliamentary involvement in the ESM affairs, indicators such as GDP growth, GDP per capita

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31 Austria has for a long time been considered as the typical case of strong powers on paper and little activity in practice. This claim is supported by the activity score of 0.22 (Euro area average 0.23).

32 Wehner’s index has Finland at 38.9, at the median. Latvia is not included.
compared to the EU average, the unemployment rate, the three-year average of the current account balance and the budget deficit/surplus of a country could also shape parliamentary involvement (see Crum 2013: 617).

The economic strength of Euro area members in terms of these factors varies. Even though differences are sometimes numerically impressive (see Kreilinger 2019: 276), in the series of independent samples $t$-tests of the different economic indicators, the means often were numerically similar, once even violated the assumption of equal variances and none of the variables revealed a statistically significant difference between the group of substantially involved national parliaments ($N = 8$) and the group of not substantially involved national parliaments ($N = 10$) (see Table 6).

### Table 6: Macroeconomic situation of Euro area members ($t$-tests)

<table>
<thead>
<tr>
<th></th>
<th>$t$</th>
<th>df</th>
<th>$p$</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth</td>
<td>-1.286</td>
<td>16.0</td>
<td>0.217</td>
</tr>
<tr>
<td>GDP (relative)</td>
<td>-0.481</td>
<td>16.0</td>
<td>0.637</td>
</tr>
<tr>
<td>Unemployment</td>
<td>-0.272</td>
<td>16.0</td>
<td>0.789</td>
</tr>
<tr>
<td>Current account balance</td>
<td>0.107</td>
<td>16.0</td>
<td>0.916</td>
</tr>
<tr>
<td>Budget deficit/surplus</td>
<td>-0.109</td>
<td>16.0</td>
<td>0.914</td>
</tr>
</tbody>
</table>

*a Levene's test is significant ($p < .05$), suggesting a violation of the assumption of equal variances

Source: Own elaboration with jamovi 0.9.1 on Ubuntu 18.04.

Note: Ireland’s GDP growth of 25% was caused by changes to economic statistics in 2015.

4.3. Domestic political dynamics

Besides drivers under the action logics of institutional path dependency and economic strength, three possible further drivers (symbolic government interests, junior coalition partners and effective opposition mobilisation), summarised under the action logic of domestic political dynamics, might also be able to explain why some national parliaments were substantially involved while others were not.

**Symbolic government interests**

In France and Spain, parliamentary involvement was driven by the government itself and rather symbolic in character 33, as suggested under the fourth driver for substantial parliamentary involvement. Nobody would have considered the idea credible that these parliaments constituted an obstacle to granting financial assistance in the sense of the two-level game (see Moschella

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2017). Indeed, these national parliaments stood firmly behind the third rescue package for Greece.\textsuperscript{34} Their involvement was part of political calculations by the government.

In France, Article 50(1) of the Constitution provided the basis for involving parliament at the discretion of the government:

“The Government may, before either House, upon its own initiative […] make a declaration on a given subject, which leads to a debate and, if it so desires, gives rise to a vote, without making it an issue of confidence.”\textsuperscript{35}

Parliamentary involvement was not constraining, but a purely political move.\textsuperscript{36} A leading member of the governing party in the French Assemblée nationale confirmed in an interview that the government exploited the issue:

“What this means is that in reality the procedures in France depend on the political configuration. This is pretty funny. […] If it suits the government, we do it; if it does not fit, we do not do it.”\textsuperscript{37}

One should, however, not forget that the French executive was also under considerable pressure to involve the national parliament (see Rozenberg 2018: 75). In addition to this debate and vote, the opposition demanded an ex-post vote on the final deal, but Prime Minister Manuel Valls insisted that parliamentary involvement remained at the discretion of the government:

Christian Jacob, LR: “We solemnly ask you, Prime Minister, to undertake to submit to us the final plan which will set the European agreement in motion. […] We also demand to set up a monitoring group for this agreement between the Government and the Finance committee of our Assembly.”\textsuperscript{38}

Manuel Valls, PS: “At each stage, when the Government deems it useful and necessary, Parliament will be informed, consulted and eventually called to vote. But there is no imperative mandate.”\textsuperscript{39}

Both chambers of the French parliament debated and voted on 15 July 2015, without any major risks for the government\textsuperscript{40}: “The President knew that by doing this he would have a consensus.”\textsuperscript{41} With these votes, the French centre-left government also managed to split the centre-right opposition\textsuperscript{42} which was internally divided (Rozenberg 2018: 75) and, in addition, France could send a signal to Germany two days before the vote in the Bundestag.\textsuperscript{43}

In Spain, Prime Minister Rajoy had promised the parliamentary vote during a plenary debate on the results of the July 2015 European Council.\textsuperscript{44} An overwhelming majority of MPs supported the rescue package on 18 August 2015.\textsuperscript{45} The centre-right majority was able to force the Socialist PSOE to rally behind the government, a few months before national elections and, according to

\textsuperscript{34} See the voting results in Table 9 (sub-section 5.2 “What kind of parliamentary involvement?”).
\textsuperscript{36} Interview with an EU affairs advisor in the French Assemblée nationale, 7 November 2016.
\textsuperscript{37} Interview with a Member of the French Assemblée nationale, PS, 7 November 2016.
\textsuperscript{39} Ibid., 6724. Translated by the author.
\textsuperscript{41} Interview with a Member of the French Assemblée nationale, PS, 7 November 2016.
\textsuperscript{42} Les Republicains, the major opposition party, were internally divided: 93 votes in favour, 41 against, 35 abstentions.
\textsuperscript{43} Given the vulnerabilities of their own public finances, the French President and, in a similar way, the Spanish Prime Minister (see below) might have wanted to send the implicit signal to the German Chancellor and the Bundestag that their parliaments acted responsibly by supporting financial solidarity with Greece.
\textsuperscript{45} 297 MPs voted in favour, 20 against and 5 abstained.
El País, made “a last-minute attempt to exploit the issue for its election campaign.”

**Junior coalition partners**

A different type of domestic political dynamics was, for example, at play in Lithuania, where the political council of the ruling coalition, an informal political body, met to discuss the issue (Šaltinytė 2015). This happened at the request of a junior coalition partner, Labour Party (Darbo Partija) leader Valentinas Mazuronis. Lithuania’s European affairs committee also discussed the Greek bailout ex-ante on 15 July 2015, but without voting. The government ultimately approved the rescue package for Greece on 17 August 2015. Domestic political dynamics were clearly at play in Lithuanian politics, but did not lead to substantial parliamentary involvement.

Finland is the only country in which the emergency procedure of Article 4(4) ESM Treaty was publicly discussed in the context of the third rescue package for Greece in July/August 2015. Foreign Minister Timo Soini from the Eurosceptic Finns justified his party’s approval of the rescue package with the possibility that the ESM and Finland’s partners could resort to the emergency procedure: “If we vote against a deal, it goes to the emergency procedure, and a package is implemented regardless of us.” The vote in the Finnish Eduskunta’s Grand Committee is an example where the Eurosceptic Finns Party — as a junior coalition partner that wanted to “police the bargain” (Martin and Vanberg 2004) through mandates for the national Finance Minister at Eurogroup meetings — was forced to be “responsible” and support the rescue package. Furthermore, the party had to explain the shift in its position towards financial assistance for Greece to the public.

Contrary to the two previous cases, there is no evidence for specific “policing the bargain”-behaviour (Martin and Vanberg 2004) in the German Bundestag. Undoubtedly the strongest national parliament in ESM affairs, parliamentarians of the junior coalition partner SPD felt well-informed:

“Q: Do you see anywhere that the Bundestag or the SPD as the junior partner in a Grand Coalition were not informed comprehensively and in good time by the relevant political actors, Chancellor and Federal Minister of Finance, who acted at the European level?

A: There is no reason for any formal complaint. If one has the impression that one needs more information, each member of parliament is able to satisfy this curiosity. So this depends on the initiative of individual political groups. And it also is a task of the opposition to pay attention on this issue. In the circles of the governing parties, we naturally expect that we are informed as completely and as timely as possible.”

**Effective opposition mobilisation**

Finally, the sixth driver behind substantial parliamentary involvement is clearly visible and successfully employed in the Netherlands, where it was the largest opposition party (PVV) that triggered political dynamics when it put a no-confidence vote against the government on the...
agenda. This served the purpose of putting the government on the spot: Geert Wilders wanted to embarrass the government with his motion of no-confidence and exploit Prime Minister Mark Rutte’s broken electoral promise not to give any additional money to Greece.

The results suggest that substantial parliamentary involvement in relation to the third rescue package for Greece was driven by parliamentary strength in EU affairs and domestic political dynamics triggered by the government or the opposition. Parliamentary strength in EU affairs is a necessary condition, while domestic political dynamics of either type are a sufficient condition for substantial parliamentary involvement. However, each of the two drivers could also work in conjunction with another of the six drivers or could be reinforced by one of them. The next section aims at further disentangling the linkages between the drivers behind substantially parliamentary involvement.

5. Law and politics of national parliaments’ substantial involvement

Based on the findings of the previous section (i.e., substantial parliamentary involvement is driven by parliamentary strength in EU affairs and domestic political dynamics), this section examines how exactly substantial parliamentary involvement unfolds in relation to an ESM rescue package. The analysis proceeds as follows: Sub-section 5.1 distinguishes four trajectories of substantial parliamentary involvement and specifies which national parliament followed which trajectory in case of the third rescue package for Greece. After that, sub-section 5.2 classifies the substantial involvement of national parliaments in that context according to the timing and the parliamentary bodies in which a vote was held.

5.1. Trajectories of substantial parliamentary involvement

Looking at the various procedural steps that can be taken at the national level, the findings of the previous section allow to distinguish four trajectories behind substantial parliamentary involvement at the national level. The first trajectory refers to direct legal enabling clauses that involve the national parliament in a substantial way; under the second trajectory such provisions relate to the ESM indirectly. Under the third and fourth trajectory, substantial parliamentary involvement is triggered by domestic political dynamics. Each of the four trajectories of substantial parliamentary involvement has broader implications for the role of a national parliament in the process of granting financial assistance in form of an ESM rescue package.

Legal enabling clauses

The first trajectory is based on a direct legal enabling clause related to the ESM or financial assistance packages and requires from the national parliament to issue a mandate for the national representative in the Board of Governors or from the government to ask parliament for such a mandate. An ESM-related institutional reform codified such a provision in national law and thereby created the obligation to vote on this mandate. One can expect that substantial parliamentary involvement under this trajectory takes place, because the government would break the law, if it tried to circumvent such a provision. Direct legal enabling clauses for substantial parliamentary

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involvement in ESM affairs can follow from a constitutional court ruling in favour of parliamentary involvement. Estonia and Germany enacted direct legal enabling clauses after their national constitutional courts had ruled that the national representative in the ESM Board of Governors was not allowed to vote in favour of a financial assistance package without prior parliamentary approval.

In the ex-ante plenary debate on the third rescue package for Greece in the German Bundestag on 17 July 2015, the Chancellor framed the debate and vote in the following way:

Angela Merkel: “The question is: Can I ask the German Bundestag to give the Federal government a mandate to start negotiations on an ESM programme for Greece on the basis of all that I have presented to you? So, therefore, do the advantages of Monday’s result outweigh the disadvantages?”

In Austria and Estonia substantial parliamentary involvement is a legal requirement, too. Direct legal enabling clauses (to vote on a mandate for the national representative in the ESM Board of Governors) constitute, on their own, a sufficient condition for triggering substantial parliamentary involvement. They are a logic extension of strong parliamentary competences in EU affairs. Among all national parliaments in the Euro area, the only countries whose national parliaments act on the basis of a direct legal enabling clause are Austria, Estonia and Germany. In none of the other five substantially involved parliaments such a clause exists: The Finnish Eduskunta, the French Assemblée nationale, the Lativan Saeima, the Dutch Tweede Kamer and the Spanish Congreso voted in the context of the third rescue package and were substantially involved without a direct legal enabling clause.

Substantial parliamentary involvement under the second trajectory is based on an indirect legal enabling clause that allows to grant a mandate for the national Finance Minister prior to Eurogroup meetings. Substantial parliamentary involvement that relies on this type of enabling clause creates an indirect link to the decision-making on financial assistance by the ESM as it is not directly related to the ESM Board of Governors: Parliaments vote on a mandate for the national Finance Minister prior to meetings of the Eurogroup. But as the Eurogroup and the ESM Board of Governors are intertwined, this clause provides a sufficient basis for substantial parliamentary involvement in relation to an ESM rescue package. Such an indirect legal enabling clause, again, follows from strong parliamentary competences in EU affairs.

In Finland and Latvia, where no direct legal enabling clauses exist, parliamentary involvement in relation to an ESM rescue package relies on such indirect legal enabling clauses related to the Eurogroup (i.e., to the institutional architecture of the EMU). Besides the statistical analysis of the previous section, it is noteworthy is that all five member states, in which parliaments could rely on either type of legal enabling clause for their substantial parliamentary involvement (Austria, Estonia, Finland, Germany, Latvia), national economy and financial leverage are seen as rather strong.

**Domestic political dynamics**

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53 In Germany, parliamentary involvement takes place on the basis of the ESM Financing Act, adopted on 13 September 2012 [Gesetz zur finanziellen Beteiligung am Europäischen Stabilitätsmechanismus (ESMFinG)].


55 In Austria, parliamentary involvement takes place on the basis of Article 50b of the Constitution and the Rules of Procedure of the Nationalrat. In Estonia, on the basis of the Act on Ratification and Implementation of Treaty Establishing European Stability Mechanism, passed on 30 August 2012.

A higher number of national parliaments was substantially involved than those that could rely on a direct or an indirect legal enabling clause in relation to an ESM rescue package. Just like in general EU affairs, where

“institutional provisions […] play an important role in facilitating or constraining parliamentary activity […] they cannot be equated with parliamentary involvement.” (Auel et al. 2015: 65)

In three Euro area members (France, Netherlands and Spain), national parliaments were substantially involved in the context of the negotiations on the third rescue package, although parliamentary involvement was not based on direct or indirect legal enabling clauses. Thus, there were situations in which parliaments got involved, even though they lack legal enabling clauses to that effect. This type of substantial parliamentary involvement is initiated by the government or it is forced upon the government by the opposition and happens by invoking certain general procedures in a national parliament.57

If it is only the political will of the national government to involve parliament (third trajectory), appropriate parliamentary procedures are triggered by the government or its majority in parliament. Parliamentary involvement can thus solely depend on the political willingness of the national government. This has been the case in France and Spain. Debating and voting in relation to a rescue package nevertheless creates an opportunity for all MPs to articulate their views and voice their concerns or objections. The plenary debates on the third rescue package in France and Germany58 show that MPs used their possibilities to criticise policy (especially in the German Bundestag) and procedure (especially in the French Assemblée nationale) and that despite differing legal provisions and political dynamics both chambers served as a “public forum” (Rozenberg and Hefftler 2015: 33) for discussing the third rescue package.

Finally, under a fourth trajectory, there is no direct or indirect legal enabling clause either and the government is opposed to substantial parliamentary involvement. Here, the key to a vote on a rescue package is an effective mobilisation of the opposition. In the Netherlands, the government is (only) obliged to inform parliament in a plenary debate about a new financial assistance package59 and Prime Minister Mark Rutte had explicitly rejected the very idea that parliamentary consent was needed for the approval of the financial assistance package60, but a motion of no-confidence put on the agenda by the Eurosceptic PVV and another opposition motion against the bailout led to substantial parliamentary involvement in relation to the third rescue package for Greece.61

The last two trajectories (no legal enabling clause, see Table 7) exemplify that substantial parliamentary involvement can also solely depend on domestic political dynamics. In such cases, parliamentary votes follow a party-political self-interest. These drivers have until now not been sufficiently taken into account in research on national parliaments and the ESM.

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57 Examples are the provision of Article 50 (1) of the French Constitution and the motion of no-confidence put upon the Dutch government by the opposition party PVV. Most national parliaments would be able to activate such procedures in one way or another, if domestic political dynamics invited political actors to do so.


60 It is “up to the cabinet to make policy, and parliamentary approval […] not required”, see: Dutch parliament endorses Greece bailout after grilling PM, Reuters, 19 August 2015, http://www.reuters.com/article/us-eurozone-greece-dutch-idUSKCN0QOZ820150819.

Table 7: Trajectories of parliamentary involvement into the third rescue package for Greece (2015)

<table>
<thead>
<tr>
<th>Trajectory</th>
<th>Description</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct legal enabling clause</td>
<td>to vote on a mandate for the representative in the ESM Board of Governors</td>
<td>Austria (Nationalrat), Estonia (Riigikogu), Germany (Bundestag)</td>
</tr>
<tr>
<td>Indirect legal enabling clause</td>
<td>to vote on a mandate for the national Finance Minister in meetings of the Eurogroup</td>
<td>Finland (Eduskunta), Latvia (Saeima)</td>
</tr>
<tr>
<td>No legal enabling clause</td>
<td>but the political will of the government to have a motion voted by parliament</td>
<td>France (Assemblée nationale &amp; Sénat), Spain (Congreso)</td>
</tr>
<tr>
<td></td>
<td>but a vote in relation to a rescue package on a motion tabled by the opposition</td>
<td>Netherlands (Tweede Kamer)</td>
</tr>
</tbody>
</table>

Source: Own elaboration.

Four trajectories and one rescue package

Parliamentary activities related to an ESM rescue package can be considered exceptional: They take place under pressure to act fast in case of an economic or financial emergency affecting a Euro area member. In addition, more than half of the national parliaments in the Euro area were, as the previous section has shown, not substantially involved in the context of the negotiations on the third rescue package for Greece in 2015. The four trajectories (see Table 7) can nevertheless contribute to a better understanding of the role of national parliaments in relation to ESM rescue packages.

Domestic political discussions about the third rescue package for Greece emerged in the entire Euro area. Only in three countries (France, the Netherlands and Spain) genuine political dynamics were, on their own, sufficient to trigger substantial parliamentary involvement with respect to the third rescue package for Greece. This suggests that domestic political dynamics gave legislatures a substantial role in the context of the third rescue package for Greece. It remains to be seen whether national parliaments that were involved under one of these two trajectories will also be substantially involved in case of future ESM financial assistance packages.

In Finland and Lithuania, domestic political dynamics were triggered by junior coalition partners. The substantial involvement of the Finnish Eduskunta on the basis of an indirect legal enabling clause was reinforced through this kind of political dynamics and possibly led to higher public visibility of substantial parliamentary involvement. In other countries, the rescue package was debated in the governing coalition (Lithuania), but the national parliament did not become substantially involved. If the rescue package reached parliament (as in Ireland), parliamentary involvement did not become substantial.
5.2. What kind of parliamentary involvement?

Previous research has shown that in eight national parliaments votes took place in committee and/or in plenary (Kreilinger 2015), before the start of the actual negotiations on the third rescue package for Greece (ex-ante) and/or after their conclusion (ex-post). The involvement of national parliaments can be classified along two dimensions: timing and setting. On the one hand, with respect to the timing, ex-ante involvement and ex-post involvement must be distinguished; on the other hand, plenary or committee are the alternative settings for parliamentary involvement. Five national parliaments (Austria, Estonia, Finland, France and Germany) voted ex-ante, before the start of negotiations with Greece. After the negotiations, when the negotiators had reached an agreement, seven national parliaments (Austria, Estonia, Finland, Germany, Latvia, the Netherlands and Spain) held a vote in relation to the result of the negotiations (ex-post). Only the German Bundestag voted on the launch and on the result of negotiations with Greece in plenary sessions (see Table 8).

Among those eight national parliaments that were substantially involved, the relative level of parliamentary involvement varies greatly in terms of when (ex-ante or ex-post), which bodies (plenary and/or committee) and how exactly national parliaments are involved. Generally, the national parliaments, in which substantial parliamentary involvement is based on a direct legal obligation and in which these powers are embedded in a high degree of strength in EU scrutiny, are those with the highest relative level of involvement (usually ex-ante and ex-post).

Table 8: Substantial parliamentary involvement in the third rescue package for Greece (2015)

<table>
<thead>
<tr>
<th>Substantial involvement by the respective national parliament</th>
<th>Ex-post</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>None</td>
</tr>
<tr>
<td>Ex-ante</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>Belgium, Cyprus, Ireland, Italy, Lithuania, Luxembourg, Malta, Portugal, Slovakia, Slovenia (10)</td>
</tr>
<tr>
<td>Committee</td>
<td>—</td>
</tr>
<tr>
<td>Plenary</td>
<td>France</td>
</tr>
</tbody>
</table>

Source: Kreilinger (2015b), slightly adapted.

Notes: In case of bicameral systems, “national parliament” refers to the lower chamber. “Substantial parliamentary involvement” means that the national parliament voted at least once in plenary or committee related to financial assistance for Greece in July or August 2015. The recipient country (Greece) is not included.

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62 National parliaments can be involved before the start of the actual negotiations on stability support (ex-ante) and/or after the conclusion of these negotiations (ex-post).

63 See Kreilinger (2019) for in-depth country studies which examine in detail which parliamentary bodies were involved on these occasions, the timing and different frames for parliamentary participation as well as the preferences that were expressed by individual political actors, struggles over parliamentary procedures and the voting results.
In terms of the parliamentary bodies involved, votes in meetings of European affairs committees and other committees were approximately as common as votes in plenary sessions in the case of the third rescue package for Greece: Committee meetings took place in five national parliaments and plenary sessions in seven national parliaments (see Table 8). The latter, however, commonly receive more public attention, because plenary debates respond to legislatures’ function of communicating policies to the public (Auel and Raunio 2014: 4). If the plenary of a national parliament is involved, it debates and approves new rescue packages, but does not oversee the details of a financial assistance programme.\footnote{This suggests that there is a trade-off between public visibility and scrutiny detail/expertise.} In a number of national parliaments, committees play an important role with respect to the normal oversight of the ESM’s financial operations, as the following explanation about the division of labour in the German Bundestag by one interviewee shows:

“The Budget committee has the whole responsibility for accompanying the operations and controlling the activities of the ESM, not related to the question of whether to grant stability support, but how to do it. This task is being actively undertaken by the Budget committee in the context of regular briefings of the Federal government on the subject and in specific cases where the Federal government approaches the Budget committee for approving tranches within a programme and where the committee has the right to issue a motion.”\footnote{Interview with a clerk in the EU affairs directorate of the German Bundestag, 2 March 2017.}

To sum up, one must distinguish different levels of relative parliamentary involvement in relation to the ESM: A high level of parliamentary involvement exists in Austria, Estonia, Finland and Germany where national parliaments voted twice. In these countries, substantial ex-ante and substantial ex-post involvement represents a double-lock. The prominent role of the German Bundestag (with two plenary votes) is the result of judgements of the Federal Constitutional Court which “responded to the quest for solidarity on the part of the member states in difficulty by making the signing of the memoranda contingent upon the approval of the Bundestag” (Joerges 2016: 326). It is no exaggeration when one senior MP from Germany claimed “we were always sitting as a shadow somewhere at the negotiation table”\footnote{Interview with a Member of the German Bundestag (CDU), 22 March 2017.} and argued that every colleague, who wanted, had been informed about every detail.\footnote{Ibid.} In Estonia, Finland and Austria, national parliaments also voted twice, but deliberation and voting were partly or entirely restricted to committees. The relative level of parliamentary involvement was lower in France, Latvia\footnote{In Latvia this happened on the basis of an indirect legal provision related to the Eurogroup.}, the Netherlands and Spain, where national parliaments voted only once: either ex-ante or ex-post.

Table 9 summarises when parliamentary votes took place, in which body and what the exact result of the vote was. Besides the deep asymmetry between the national parliament of the recipient country (Greece) and the substantially involved legislatures of creditor countries, actual involvement also varied inside the group of eight substantially involved national parliaments and has led to additional asymmetries with respect to timing, setting and the factors driving the parliamentary vote.
Table 9  Parliamentary votes in relation to the third rescue package for Greece (2015)

<table>
<thead>
<tr>
<th>Date</th>
<th>National Parliament</th>
<th>Body</th>
<th>Result of the vote (Yes / No / Abstentions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 July 2015</td>
<td>France (Assemblée</td>
<td>Plenary</td>
<td>412 / 69 / 49</td>
</tr>
<tr>
<td></td>
<td>nationale)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 July 2015</td>
<td>Austria (Nationalrat)</td>
<td>Standing sub-committee</td>
<td>approval</td>
</tr>
<tr>
<td></td>
<td></td>
<td>on ESM matters</td>
<td></td>
</tr>
<tr>
<td>16 July 2015</td>
<td>Finland (Eduskunta)</td>
<td>Grand Committee</td>
<td>16 / 4 / 5</td>
</tr>
<tr>
<td>17 July 2015</td>
<td>Austria (Nationalrat)</td>
<td>Plenary</td>
<td>approval</td>
</tr>
<tr>
<td>17 July 2015</td>
<td>Estonia (Rigikogu)</td>
<td>European affairs committee</td>
<td>approval</td>
</tr>
<tr>
<td>17 July 2015</td>
<td>Germany (Bundestag)</td>
<td>Plenary</td>
<td>439 / 119 / 40</td>
</tr>
<tr>
<td>13 August 2015</td>
<td>Finland (Eduskunta)</td>
<td>Grand Committee</td>
<td>18 / 4 / 0</td>
</tr>
<tr>
<td>17 August 2015</td>
<td>Latvia (Saimea)</td>
<td>European affairs committee</td>
<td>9 / 3 / 1</td>
</tr>
<tr>
<td>18 August 2015</td>
<td>Austria (Nationalrat)</td>
<td>Standing sub-committee</td>
<td>approval</td>
</tr>
<tr>
<td></td>
<td></td>
<td>on ESM matters</td>
<td></td>
</tr>
<tr>
<td>18 August 2015</td>
<td>Estonia (Rigikogu)</td>
<td>Plenary</td>
<td>50 / 37 / 0</td>
</tr>
<tr>
<td>18 August 2015</td>
<td>Spain (Congreso)</td>
<td>Plenary</td>
<td>297 / 20 / 5</td>
</tr>
<tr>
<td>19 August 2015</td>
<td>Germany (Bundestag)</td>
<td>Plenary</td>
<td>453 / 113 / 18</td>
</tr>
<tr>
<td>19 August 2015</td>
<td>Netherlands (Tweede</td>
<td>Plenary</td>
<td>81 / 52 / —</td>
</tr>
<tr>
<td></td>
<td>Kamer)*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If “approval” is reported as the voting result, detailed results are not available.
* The vote in the Tweede Kamer (Netherlands) rejected a motion against financial assistance for Greece by 81 to 52.

Source: Own elaboration.

6. The tangled web of the ESM

Some drivers of substantial parliamentary involvement are, as section 4 has shown, more relevant than others. It is not necessary for a national parliament to meet all conditions in order to become substantially involved. Debates and votes on a salient issue like ESM financial assistance already take place if there is a legal enabling clause to trigger them and if it would be illegal or costly to avoid substantial parliamentary involvement. The previous institutional strength of a national parliament in EU affairs and the specific motivation of political actors to exploit the issue domestically are the drivers that this study has identified as explaining substantial parliamentary involvement in the case of the third rescue package for Greece.
The magnitude of parliamentary involvement in case of the third rescue package for Greece in 2015 (with more than 2000 MPs\textsuperscript{69} in eight countries being substantially involved and voting in relation to the rescue package), however, cannot not be taken for granted. This concluding section argues that a more symmetric way of involving elected representatives from/in all Euro area members would have to build on some kind of joint parliamentary structure, but simultaneously maintain national parliaments’ current prerogatives, since parliamentary powers or agenda setting powers cannot be simply taken away in democratic political systems.

Towards less asymmetries, but how?

Besides the four trajectories for substantial parliamentary involvement, there is also the possibility that a country lacks relevant legal provisions for a substantial involvement of the national parliament and that no political actor with sufficient influence to trigger substantial parliamentary involvement has seen the need to do so or the incentive has not been strong enough. This means that the national representative in the Board of Governors decides on an ESM financial assistance package without parliamentary instructions.

Substantial involvement and the existence of parliamentary debates on the third rescue package for Greece must be considered positive from a normative democratic theory point-of-view. To some extent, parliamentary involvement follows the ideal-typical models for EU affairs (Rozenberg and Hefftler 2015): There is ex-ante involvement and plenary involvement, some national parliaments are thus able to act as “policy shaper” and “public forum”. Major trends in general EU affairs also apply to ESM rescue packages. For an intergovernmental and non-legislative economic governance domain like the ESM this is already noteworthy in itself.

Discrepancies in parliamentary involvement between the ten national parliaments that were not involved at all (or not substantially involved) and the eight national parliaments that were substantially involved, but whose relative level of involvement also varies significantly (the German Bundestag is the only national parliament in which every MP is substantially involved before the start and after the conclusion of negotiations on an ESM rescue package), reinforce concerns about asymmetric parliamentary powers in the Euro area, especially when considering that the national parliament of the recipient country, Greece, must acquiesce to the conditionality of the MoU. The channel of legitimacy that national parliaments provide for Euro area governance is thus not as viable as it could be.

In order to remedy asymmetries in national parliaments’ involvement, a proposal for minimum standards for parliamentary involvement in the European Semester has been put forward.\textsuperscript{70} While this might also seem like an attractive solution for the ESM, involving each national parliament in Euro area rescue packages would make ESM decision-making (even more) cumbersome. Therefore, proposals for a sub-committee of the European Parliament or for a specific Eurozone Parliament have (amongst other EMU issues) always had decision-making and the accountability of the ESM in mind. A more symmetric way of involving elected representatives from/in all Euro area members, in any case, would have to build on some kind of joint parliamentary structure and simultaneously maintain national parliaments’ current prerogatives, since parliamentary powers or agenda setting powers cannot be simply taken away from legislatures in democratic political systems. As a consequence, the tangled web of parliamentary procedures related to rescue packages of the ESM is likely to remain a prominent feature of the ESM governance\textsuperscript{71} and of any future negotiations on a rescue package.

\textsuperscript{69} Own calculation based on Table 9 (sub-section 5.2 “What kind of parliamentary involvement?”).


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