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## **Rising to a Challenge? Ten Years of Parliamentary Accountability of the European Semester**

Editors

Eric Miklin, Aleksandra Maatsch and Tomasz P. Woźniakowski

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Rising to a Challenge? Ten Years of Parliamentary Accountability of the European Semester

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Editorial

## Rising to a Challenge? Ten Years of Parliamentary Accountability of the European Semester

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### Abstract

As a result of the euro crisis, EU economic governance has been reformed and EU institutions have gained new competences regarding national budgets, with the European Semester (the annual cycle of economic surveillance of the member states) being the most prominent example. With the Commission and the Council being the main actors, and the European Parliament playing only a minor role, a debate about the democratic legitimacy of the Semester and the role of national parliaments (NPs) in this regard has unfolded. This thematic issue, therefore, addresses the question of how parliamentary accountability of the European Semester has evolved: Have NPs met the challenge by adapting to the new situation in a way that allows them to hold the executive accountable? While the contributions to this thematic issue show significant variation across NPs, overall they reveal a rather pessimistic picture: Despite several institutional innovations concerning the reforms of internal rules and procedures, the rise of independent fiscal institutions, inter-parliamentary cooperation, and hearings with the European Commissioners, NPs have remained rather weak actors in EU economic governance also ten years after the Semester's introduction. Whether recent changes linked to the establishment of the Recovery and Resilience Facility introduced in response to the Covid-19 crisis will change the picture significantly remains to be examined.

### Keywords

accountability; EU Economic Governance; European Parliament; European Semester; European Union; national parliaments

### Issue

This editorial is part of the issue “Rising to a Challenge? Ten Years of Parliamentary Accountability of the European Semester” edited by Eric Miklin (University of Salzburg, Austria), Aleksandra Maatsch (University of Wrocław, Poland) and Tomasz P. Woźniakowski (Hertie School, Germany).

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### 1. Introduction

The eurozone crisis, starting in 2010, demonstrated that the monetary union's initial institutional design which sought to maintain a balance between monetary integration and policy diversity at the national level was not sustainable (Crum, 2013). When discussing how to fix the problem, however, neither deeper integration towards a genuine fiscal union, nor the restora-

tion of sovereignty through a return to national currencies found sufficient political support amongst member states. Instead, the EU opted for a third way: executive fiscal federalism. European economic governance was reformed predominantly by means of various inter-governmental measures—probably the most important being the European Semester (ES). As an annual cycle of economic surveillance of the member states, the ES combines the *Stability and Growth Pact* with a new

instrument to address macro-economic imbalances and social and employment coordination. It combines several coordination mechanisms which aim to motivate or force member state reform, including semi-binding and non-binding rules. With the member states in the Councils and the European Commission being the main actors in the process, this system aims to provide the EU with the ability to pursue economic integration, steer national economies, and avoid imbalances while, at the same time, ensuring that member states' governments remain in the driver's seat.

This may come at a price, though. While budgetary powers in the ES formally remained with national parliaments (NPs), the new instruments acquired by the Commission and the Council(s) to influence national budgets means that *de facto* NPs' policy-choices today are increasingly constrained and that the only way to make their voices heard in the ES is indirectly, via their governments. In addition, this loss of parliamentary involvement is not compensated for at the European level either, as the European Parliament (EP) plays only a minor role in the ES. According to Rodrik (2011), the EU faces a trilemma between economic integration, national sovereignty, and democracy as only two out of the three can be preserved at the same time. With member states willing to give away neither power nor the euro, did they sacrifice democracy instead?

Just before the eurozone crisis, the *Treaty of Lisbon*, heralded as the 'treaty of parliaments' (Rittberger, 2014), significantly strengthened the competences of the EP and NPs in European policy-making (de Witte, 2009). In doing so, it marked a new peak of a steady process of the EU's parliamentarisation that started in the early 1990s and concerned both the EP (Rittberger, 2005) and NPs (Heffttler et al., 2015; Raunio, 2000). Ten years after the introduction of the ES, this thematic issue addresses the question of how and to what extent this new system of EU economic governance has affected the process of parliamentarisation: Has it come to a (temporary) end? Or have parliaments been able to 'fight back' (Raunio, 2000) once again? How have parliaments responded to the challenge posed through the ES—both institutionally and in their actual practices? And what have the results been for the EU's parliamentary accountability?

Building on Auel (2007, p. 500), we define parliamentary accountability as Members of Parliament' (MPs') oversight of the domestic executive or other institutions such as the European Commission. The core of the accountability process, which can be voluntary as in the case of the European Commission, is to provide pertinent answers regarding both past and planned policies and behaviour. Thus, accountability as a chain of exchanges can be divided into two basic forms, depending on the type of questions asked (Auel, 2007):

1. Justification, or the 'lighter' form of accountability, including questions demanding information and explanation;

2. Contestation, or the 'heavier' form of accountability, including statements of disagreement, requests for change, and sanctions.

Research on this topic so far provides a divided view. Some argue that in the "dense web of European surveillance, the capacity of NPs to scrutinize the choices of their governments has become severely strained" (Crum, 2018, p. 15). Others again argue that parliaments actually have used the crisis to "improve their position in budgetary process compared to the situation before the euro crisis" (Pernice, 2017, p. 128; see also Fasone, 2015; Jancic, 2016). The articles of this issue contribute to the debate by looking not only at (differences in) changes regarding formal institutional set-ups on the national and the European level as a reaction to the ES but also in the actual practices of parliaments and these practices' substantive effect on the democratic accountability of national and European executives in EU economic governance.

## 2. Overview of Contributions

Overall, the articles reveal a picture that is well-known from research on NPs in the EU more generally (Heffttler et al., 2015). As in the past, reactions have not been uniform but varied across parliaments. Looking at formal changes, Winzen (2021) shows that indeed many, but not all, parliaments have reformed their procedures and institutional powers after the ES was introduced—providing support to the strengthening argument. He identifies eurozone membership and formally strong institutions as a necessary condition for reform. Looking at the actual amount of ES-related activities, Skazlic (2021) also finds significant variation across NPs. Again, formal power is one of the two strongest predictors—the other being a member states' debt level. In general, however, Skazlic's findings suggest that attention to, and activities in the ES overall are limited. This picture is also supported through Schweiger's (2021) case study on the Polish parliament. In Poland, the ES has remained an elite-driven process, strongly geared towards EU-level executive bargaining between the government and the Commission at the expense of domestic parliamentary scrutiny.

In addition to strengthening their own powers, NPs have established alternative paths to increase their standing in the process. First, eurozone parliaments have introduced or reformed their independent fiscal institutions to counter information asymmetries vis-à-vis their governments. Looking at the actual effect of these bodies in three member states, however, the article by Fasone (2021) shows that so far they have had little effect on parliamentary accountability in the eurozone. The same can be said for the Inter-Parliamentary Conference on Stability, Economic Coordination and Governance. Meeting twice a year, this conference provides a forum for NPs and the EP to exchange their views

on economic governance and budget policy amongst each other and with the European Commission. Looking at NPs' own perceptions, Borońska-Hryniewiecka (2021) again suggests that participation neither increases parliamentary activities at home nor does it significantly improve domestic scrutiny. A third way for NPs to engage in the ES is through direct discussion with the European Commission. The Commission intended that these meetings would increase the often poor implementation rates of recommendations emanating from the ES. Analysing the debates between the Commission and MPs in the Polish parliament, the article by Woźniakowski (2021) shows that these discussions failed to meet their original purpose as they had no significant effect on implementation rates. However, these discussions have contributed to building expertise by NPs and enhancing the accountability of the Commission.

The last two articles discuss the potential effect of the Covid-19 crisis on parliamentary accountability in EU economic governance. In response to the economic downturn caused by the pandemic, the EU introduced several new policy instruments, most notably the Recovery and Resilience Facility (RRF), an EU fund of €672.5 billion in loans and grants available to member states to support reforms and investments undertaken to recover from the crisis. Payments from the RRF are linked to the country-specific recommendations adopted in the ES. As the RRF's ratification required the EP's consent, Closa Montero et al.'s (2021) study investigated whether the EP had—once again—tried to use this 'window of opportunity' to claim a more important role in the ES. The authors show that the EP did indeed intend to link its agreement to the RRF with a stronger role in the RRF. Success was limited, though: While the EP played an important role during negotiations and obtained important *policy* concessions, *institutional* concessions were limited to having 'a seat at the table.' Finally, Bekker (2021) discusses the potential impact of the RRF on NPs' future standing in the ES. She concludes that, while NPs are not officially acknowledged, the RRF's provisions leave enough space for NPs to claim their role in developing national plans for accessing financial support as well as in amending and approving reforms. Additionally, the RRF might motivate NPs to engage in the ES more actively, given the latter's more prominent role due to its links with the RRF.

In sum, the findings of this issue support the critical view on parliamentary accountability of the ES rather than the positive one. Despite numerous institutional innovations, such as the rise of independent fiscal institutions, inter-parliamentary cooperation, reformed internal rules and procedures, and hearings with the European Commissioners, NPs remain rather weak actors in EU economic governance—and this legitimacy vacuum is not compensated for by the EP. Most NPs are not systematically involved in accountability-rendering exercises, and it remains to be seen whether this will change significantly as a result of the Covid-related insti-

tutional changes, such as the link between the RRF and the ES. Weak parliamentary accountability could be understandable in times of crises (such as during the eurozone- or the Covid-crisis), which commonly are referred to as 'the hour of the executive.' It is less clear why potentially very intrusive mechanisms of the ES are not politically salient enough to spark parliamentary accountability, preferably by contestation, i.e., the 'heavier' form of accountability, and not merely justification. Explaining this phenomenon—why the NPs are *not* active in the ES in 'normal' times—may be an avenue for future research.

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### Conflict of Interests

The authors declare no conflict of interests.

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Article

## The European Semester and Parliamentary Oversight Institutions Inside and Outside of the Euro Area

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### Abstract

The European Semester is a challenge for national parliaments but also an opportunity to reform domestic oversight institutions. Drawing on data from all member states, this study examines the conditions under which national parliaments use this opportunity. Is Euro area membership a prerequisite for parliamentary adaptation to the European Semester and, if so, which further combinations of conditions account for variation among Euro area countries? The analysis suggests that membership in or close ties with the Euro area and institutional strength constitute *necessary conditions* for parliamentary adaptation. Combined with other factors—in particular, public debt exceeding the Maastricht criteria—these conditions explain reform in many cases. National parliamentary adaptation to the European Semester thus follows existing institutional divisions constituted by differentiated integration in the Euro area and uneven national parliamentary strength.

### Keywords

differentiated integration; economic governance; European Semester; national parliaments

### Issue

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### 1. Introduction

The European Semester is the process through which the EU seeks to ensure member state compliance with its macroeconomic and fiscal rules. Concerns have been raised that this yearly cycle of coordination, monitoring, and assessment, combined with significant enforcement procedures, might curtail the authority of national parliaments. The European Semester might thus lack input legitimacy (Crum & Merlo, 2020; Dawson, 2015; Lord, 2017). In turn, it has been argued that national parliaments should prioritize attention to EU economic governance (de Wilde & Raunio, 2018). Against this backdrop, this study examines whether national parliaments adapt to the European Semester by reforming domestic oversight institutions, defined as rights and procedures to scrutinize the government during the Semester process.

The question of whether national parliaments adapt institutionally to the European Semester is rendered

complicated by the architecture of economic governance and the diversity of existing parliamentary institutions. Euro area integration is highly differentiated, and the Semester’s implications vary accordingly across countries. Yet, the literature on differentiated integration has largely sidestepped any discussion of national parliaments, and research on national parliaments has hardly mentioned differentiated integration (for reviews, see Holzinger & Schimmelfennig, 2012; Winzen, 2021; but see Genovese & Schneider, 2020). Specific research on the European Semester, moreover, disagrees on the effect of Euro area membership on national parliaments (Hallerberg et al., 2018; Rasmussen, 2018). Similarly, regarding existing institutions, it has been argued that strong existing oversight in EU or budget matters could encourage adaptation to the Semester but also render Semester-specific adaptation superfluous (Dimitrakopoulos, 2001; Kreilinger, 2018; Maatsch, 2017; Rozenberg, 2017, p. 45).

My argument starts from the premise that national parliaments consider institutional reform as a response to changes in EU authority (e.g., Raunio & Hix, 2000). The European Semester, in principle, constitutes an opportunity for reform. However, two further points can be made. First, differentiated integration means that some parliaments are exempt from EU authority, notably the Semester's enforcement procedures, and thus unlikely to consider reform at all. Euro area membership and close institutional ties to the Euro area (explained below) would thus constitute a *necessary condition* for parliamentary adaptation. Second, even member states for which the Semester is a significant reform opportunity do not necessarily reform oversight procedures. Rather, existing institutions and other party political and economic conditions highlighted in the literature (Dimitrakopoulos, 2001; Raunio, 2005; Winzen, 2017) might be required to motivate reform sufficiently.

Empirically, I examine data on European Semester-specific reforms of parliamentary oversight institutions in all member states. A qualitative comparative analysis (QCA) is used to assess which combinations of conditions are necessary and sufficient for reform. The main findings include that only a few parliaments have implemented Semester-specific oversight institutions. Euro area membership or close ties to the Euro area via the Fiscal Compact and the Exchange Rate

Mechanism (ERM) are found to be necessary for reform. Institutional strengths—defined by pre-existing institutional rights in EU or budgetary matters—is another necessary condition. These two explanations, combined with a range of other factors, form several sufficient configurations of conditions for reform. Public debt exceeding the Maastricht criteria appears in several of these configurations.

As discussed in the conclusion, these findings add more specific evidence on the role of parliaments in the European Semester than available so far. More broadly, if input legitimacy is understood in terms of parliamentary oversight institutions, a key conclusion is that there is cross-national variation in the input legitimacy of the European Semester. This variation reflects broader institutional differences constituted by uneven parliamentary strength and differentiated integration. The conclusion further highlights different perspectives on the implications of this finding.

## 2. Challenges and Opportunities for National Parliaments

In comparison to earlier fiscal and economic coordination processes, the European Semester has stronger procedures and enforcement mechanisms. As Table 1 shows, the EU conducts country-specific monitoring of

**Table 1.** The European Semester: Process and enforcement.

Phase	Key procedural steps	Countries	Legal bases
Nov–Mar	Surveillance of macro-economic imbalances Macro-economic scoreboard Country reviews Commission economic priorities European Council economic priorities	All	'Six-pack' (2011).
Apr–Jun	Plans & recommendations Structural reform plans ('National Reform Programs') Fiscal plans ('Stability and Convergence Programs') Country-specific recommendations by Commission Council and European Council endorsement	All	'Six-pack' (2011).
Sep–Dec	Budgetary coordination Assessment of draft budgets against SGP & CSRs Commission recommendations, Council debate	EA	'Six-pack' (2011), 'Two-pack' (2011), Fiscal Compact (2013).
Enforcement	Macro-Economic Imbalances Procedure (MIP) Recommendations & Corrective Action Plan Non-compliance judgment by RQMV Sanctions: Deposits and fines by RQMV	Mixed All All EA	'Six-pack' (2011).
Enforcement	Excessive Deficit Procedure (EDP) Policy recommendations Decision on inadequate action (QMV) Economic and Partnership Programmes Enhanced surveillance & reporting Sanctions by RQMV	Mixed All All EA EA EA	Art. 126 & 139 TFEU, 'Six-pack' (2011), 'Two-pack' (2011), Fiscal Compact (2013).

Notes: EA: Euro area; RQMV: Reverse Qualified Majority Voting. Source: Own compilation based on the legal instruments cited in the column 'Legal bases'.

macro-economic conditions, requests reform and fiscal plans before national budgets are presented to national parliaments, and makes country-specific recommendations for compliance with the Stability and Growth Pact (SGP) and macro-economic stability goals. Euro area member states additionally submit draft budgets for EU scrutiny. EU recommendations for macro-economic reform and compliance with the SGP can be enforced with a new Macro-Economic Imbalances Procedure (MIP) and a reformed Excessive Deficit Procedure (EDP), which can result in enhanced surveillance, financial deposits and financial sanctions unless opposed by a qualified majority of member states. However, the sanctions only apply to the Euro area. Finally, since 2021, to access funding under the EU's Covid-19 Recovery and Resilience Facility, member states have to submit reform plans reflecting country-specific priorities identified in the European Semester, which are then rated by the European Commission in light of the European Semester's goals.

The challenges that the European Semester poses for national parliaments have received significant attention (Crum & Merlo, 2020; Dawson, 2015; Lord, 2017). In brief, the concerns raised are threefold. First, the rules accompanying the Semester, including the reinforced SGP and the prescriptions of the Fiscal Compact, create quasi-constitutional constraints for the policy choices available in parliaments and other arenas. Not all observers agree that the wider economic governance rules, such as the Fiscal Compact, should be treated together with the European Semester. Yet, the Semester process makes regular reference to these instruments and integrates sanctioning mechanisms related to these instruments. Second, the Semester creates new EU-level processes and activities, including reporting, deliberation and negotiation, and voting on economic performance from which parliaments are excluded, but regarding which they could demand improved oversight. Third, the European Semester has repercussions for existing parliamentary oversight. It requires various documents and commitments from governments early in the budgetary process, which they—in the shadow of potential sanctions and funding decisions under the Covid-19 response facility—could in turn cite to restrict the scope of parliamentary budget decisions and to deflect accountability to the EU.

There are, however, opportunities for national parliaments to address these challenges. First, parliaments have created the Interparliamentary Conference on Stability, Economic Coordination and Governance in the European Union to 'contribute to ensuring democratic accountability in the area of economic governance and budgetary policy in the EU, particularly in the EMU' (Interparliamentary Conference on Stability, Economic Coordination and Governance in the European Union, 2015, articles 2.1 and 4.2). Second, parliaments can adapt domestic oversight institutions vis-à-vis the governments in relation to the European Semester

(Hallerberg et al., 2018; Kreilinger, 2018; Rasmussen, 2018; Rittberger & Winzen, 2015). Whereas the effectiveness of the Interparliamentary Conference remains debated, the second path, which is the focus here, is well-established in EU governance and might be relevant for the European Semester as well.

### 3. Differentiated Euro Area Membership and Parliamentary Adaptation to the European Semester

Can parliaments be expected to adapt domestic oversight institutions to the European Semester? The literature on national parliamentary adaptation to the EU highlights conditions under which parliamentary actors—mainly political parties—consider reforms of oversight. This literature expects that changes in EU authority encourage reform discussions, either because parliamentary actors believe that EU authority creates a democratic deficit (Rittberger, 2003), or because they seek to avert losses of their own authority (Benz, 2004; Saalfeld, 2005). Yet, changes in EU authority do not necessarily result in changes in oversight institutions but are best seen as 'reform opportunities' that enable but do not determine change (Winzen, 2017, pp. 73–75). To understand parliamentary adaptation, we thus need to ask, first, whether the European Semester constitutes a reform opportunity and, second, which other factors might be required to motivate reforms sufficiently. This section discusses the first question.

At face value, the European Semester could plausibly be expected to trigger parliamentary reform debates. While it remains contested whether the Semester changes the distribution of authority between the EU and the member states, it enhances the intensity of economic policy coordination, creates new monitoring mechanisms, strengthens the enforcement of (reinforced) economic and fiscal rules, and, since 2021, is linked to financial incentives under the EU's Covid-19 response. Supranational institutions have also gained some influence according to some studies (Bauer & Becker, 2014; van der Veer & Haverland, 2018). According to the standards of the literature (e.g., Börzel, 2005), these developments constitute an increase in authority and a plausible reason for parliamentary actors to examine the need for reform.

However, the literature on parliamentary adaptation has paid less attention to differentiated integration (Holzinger & Schimmelfennig, 2012; Schimmelfennig et al., 2015). Rather, changes in EU authority have been assumed to be the same for all member states and, therefore, not a promising explanation for cross-national variation. The literature on differentiated integration highlights that this need not be the case as member states might be exempted or excluded from EU authority in different policy regimes. By implication, the incentives for parliamentary actors to reform oversight institutions might vary across member states. Genovese and Schneider (2020) argue along these lines that Euro area

parliaments faced greater pressure to enhance scrutiny in response to the 2007–2008 financial crisis.

The European Semester is a prominent example of variation in EU authority due to differentiated integration. First, differentiation in Euro area membership is closely linked with the authoritativeness of the Semester process given that the main enforcement mechanisms do not apply to countries without the Euro. Second, some Euro area outsiders have close ties to the Euro. Denmark participates in the ERM, with its currency pegged to the Euro, and has ratified the Fiscal Compact. This might lend the European Semester greater importance in Denmark than in countries without the Euro. Latvia and Lithuania also participated in the ERM before adopting the Euro in 2014 and 2015. Additionally, Bulgaria and Romania were not in the ERM in the period covered here but ratified the Fiscal Compact fully (Romania) or partly (Bulgaria).

Due to the differentiation of the Euro area, it seems likely that parliamentary reforms will be considered in only some member states. In the countries that are subject to the most authoritative Semester processes— notably, potential sanctions—parliamentarians have the strongest reasons to examine the need for oversight procedures due to both mechanisms emphasized in the literature—to avert losses of authority and remedy perceived parliamentary deficits. Parliamentarians in countries that are not in the Euro but have close ties to the Euro area might also pay more careful attention to the Semester. Even if they do not face sanctions themselves, they have greater stakes in the policies of the Euro area countries and might deem oversight over their governments’ strategies during the Semester important. In contrast, interest in parliamentary reform is likely to remain limited in countries outside of the Euro area and without close ties to it. In these countries, the Semester is not entirely irrelevant but appears rather similar to EU soft law processes, which have been found to raise little parliamentary attention (de Ruiter, 2010).

#### **4. Variation in Parliamentary Adaptation Within the Euro Area**

We have argued so far that the European Semester might enable reform discussions in the Euro area and closely affiliated countries but might motivate reform sufficiently only in combination with other conditions. The literature on national parliaments in the EU highlights several possible conditions. The strength of pre-existing institutions has been seen as shaping the need for reform where institutional deficits exist but also as constraining the range of reforms considered appropriate by domestic actors in light of institutional traditions (Benz, 2004; Dimitrakopoulos, 2001). In turn, Euroscepticism, for example among governing parties, has been thought to motivate demands to protect and reinforce the authority of national parliaments (Winzen et al., 2015). These general arguments might help explain parliamentary

adaptation to the European Semester. Additionally, since the European Semester is about macro-economic monitoring, the economic context of parliamentary reform requires attention.

Two institutional conditions will be examined. First, parliaments with strong rights in the domestic budgetary process—the area most affected by the European Semester—might extend their position to the Semester process (Kreilinger, 2018; Maatsch, 2017; Rittberger & Winzen, 2015). Parliamentarians of governing parties accustomed to being formally consulted on budget decisions might seek to protect this prerogative. Strong budget rights could also lead parliamentarians across parties to believe that the European Semester creates a democratic deficit. Second, for similar reasons, parliaments with strong oversight institutions in EU affairs might seek to uphold this strong role in the area of economic governance (Rittberger & Winzen, 2015). Yet, the implications of institutions are not unambiguous. Some studies highlight that they might render adaptation to the European Semester unnecessary. For example, the Finnish parliament concluded that existing EU affairs oversight mechanisms were sufficiently broad in legal and practical terms to encompass the Semester (Kreilinger, 2018, p. 330; Rozenberg, 2017, p. 45). The positions in the literature are potentially compatible. Institutional strength might make adaptation to the European Semester possible—in the sense of a necessary condition—but need not result in reforms.

At the level of political parties, it has been argued that parties opposed to the European Parliament or European integration more generally are most likely to demand strong rights for national parliaments (Winzen et al., 2015). In the case of the European Semester, perceptions of the European Parliament might not matter because this institution’s involvement in the process remains limited (Crum, 2018; Fasone, 2014; Fromage, 2018). Yet, parties that oppose European integration might see value in empowering national parliaments to underline their belief that budgetary authority should reside at the national level. Where Eurosceptic parties hold government authority, parliamentary adaptation to the European Semester becomes a plausible outcome.

Finally, parliamentary adaptation might depend on a country’s economic situation (Genovese & Schneider, 2020; Kreilinger, 2018, p. 331; Rittberger & Winzen, 2015, p. 443). The mechanism is that certain economic conditions put a country at risk of entering the MIP or EDP, which implies enhanced monitoring and the possibility of sanctions. This prospect might enhance parliamentary interest in oversight of the government’s conduct during the Semester including, for example, its efforts to avert entering the MIP and EDP. Which economic conditions matter? The analysis here focuses on public debt. The EDP depends on the Maastricht convergence criteria including public debt. The MIP relies on a broader assessment in the context of the European Commission’s

annual Alert Mechanism Report, but debt is one important indicator.

## 5. Data and Operationalization

This study analyzes data on national parliamentary oversight institutions for the European Semester (Rittberger & Winzen, 2015; Winzen, 2021). These data stem from examining national constitutions, legislation, parliamentary rules of procedure, and other parliamentary documents and, if primary sources were unavailable, academic literature, to identify formal oversight institutions in national parliaments in relation to the European Semester on a yearly basis. Parliamentary adaptation to the European Semester can be divided into three categories (Table 2). The first comprises parliaments in which no specific oversight institutions have been created. The second category captures selective reforms, such as when parliaments are entitled to receive National Stability and Reform Programmes before submission to the EU, but no further rights or procedures exist. In these parliaments, the rules of procedure and other sources make only passing reference to the Semester. A typical example is Austria, where existing legislation and

parliamentary rules of procedure rarely mention the European Semester except that they require that the Stability Programme is brought to the parliament's attention. The third group encompasses parliaments that have created detailed oversight procedures and rights. For example, the Danish parliament has created a comprehensive 'National Semester' to mirror the European Semester and to provide procedures for continuous monitoring of the government (Folketinget, 2013).

Table 3 summarizes the operationalization of the conditions employed in the analysis. The data used are in line with previous studies. It should be noted, however, that parliamentary budget authority proves challenging to measure. An often-used index by Wehner (2006), based on OECD data from 2003, is now dated and misses 10 EU member states (6 from the Euro area). The analysis here relies on the more recent OECD Parliamentary Budgeting Practices Database (OECD, 2018). The OECD surveyed Parliamentary Budget Officials from 34 countries to specify characteristics of the budgetary process. For this study, relevant questions were selected and aggregated, as detailed in Appendix 1 in the Supplementary File, to form an index of parliamentary budget authority. A key advantage is that this measure includes all but 6 member

**Table 2.** Adaptation of parliamentary oversight institutions to the European Semester.

Category	Description
No reforms (0)	No or minor oversight institutions.
Moderate reforms (0.5)	Oversight procedures and rights in some steps of the European Semester. Typically, parliament receives the Stability/Convergence and Reform Programmes at the same time as or before the EU.
Strong reforms (1)	Extensive governmental reporting obligations or participation in decisions on important documents.

Source: Adapted from Rittberger and Winzen (2015) and Winzen (2021).

**Table 3.** Operationalizing the conditions in the analysis.

Condition	Explanation
Euro area membership.	Formal membership in the Euro area.
Close ties to the Euro area.	Countries that are in the Exchange Rate Mechanism (ERM) or ratified the Fiscal Compact fully or partly.
Oversight institutions in EU affairs (Winzen, 2012, 2021).	An index of EU-specific oversight institutions including the existence of European Affairs Committees, a formal role of sectoral committees, obligatory explanatory memoranda, a scrutiny reserve, and mandating rights. Range: 0–1.
Parliamentary budget rights (OECD, 2018).	An index of parliamentary rights and resources in the budgetary process created based on the OECD Parliamentary Budgeting Practices Database. Appendix 1 in the Supplementary File explains the operationalization in detail.
Government support for the EU (Bakker et al., 2015, 2020; Polk et al., 2017).	Seat-weighted average of government party leaderships' orientations towards European integration based on Chapel Hill Expert Surveys. Range: 1 (strongly opposed)-7 (strongly in favor).
Public debt (Eurostat).	Government consolidated gross debt as percentage of GDP.

states and all but 3 (Cyprus, Malta, and Lithuania) from the Euro area.

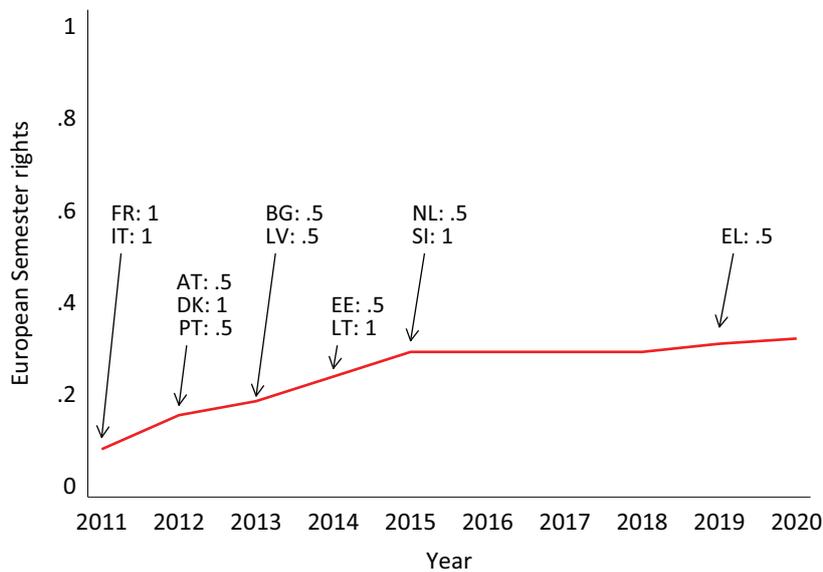
The data on adaptation to the European Semester and the remaining conditions will be examined descriptively with a focus on trends and bivariate relationships as well as in a QCA (explained below). For the QCA, the continuous variables have to be dichotomized. The mean was chosen as a threshold for EU oversight institutions, government EU support, and budget authority. The mean divides the data relatively evenly. In the case of budget authority, it also coincides with the largest gap in the data. For public debt, 60 percent was set as the threshold, which reflects the Maastricht convergence criteria.

**6. Bivariate Relationships**

Figure 1 charts parliamentary adaptation to the European Semester over time. 12 parliaments implemented moderate to strong reforms between 2011, the first year of the data, and 2020. All but one reform—in Greece after the country exited the EU’s financial aid and conditionality program—occurred in the first years of the Semester, suggesting that a state of institutional stability might have been reached. The overall picture is one of limited institutional adaptation with reforms in a minority of member state parliaments.

How does parliamentary adaptation relate to the possible explanations? Examining bivariate relationships first, it appears that 53 percent of Euro area members compared to 22 percent of countries without the Euro had seen parliamentary reforms by 2019 (Figure 2). In addition, the only countries outside of the Euro area that implemented reforms—Denmark and Bulgaria—have close ties to the Euro area via the ERM or Fiscal Compact. What might be most interesting, considering the arguments examined here, is that Euro area membership and close ties to the Euro area together constitute a jointly necessary (but not sufficient) condition for reform. No reforms are observed in countries lacking membership or close ties. Yet, reforms are not always observed in countries with these characteristics.

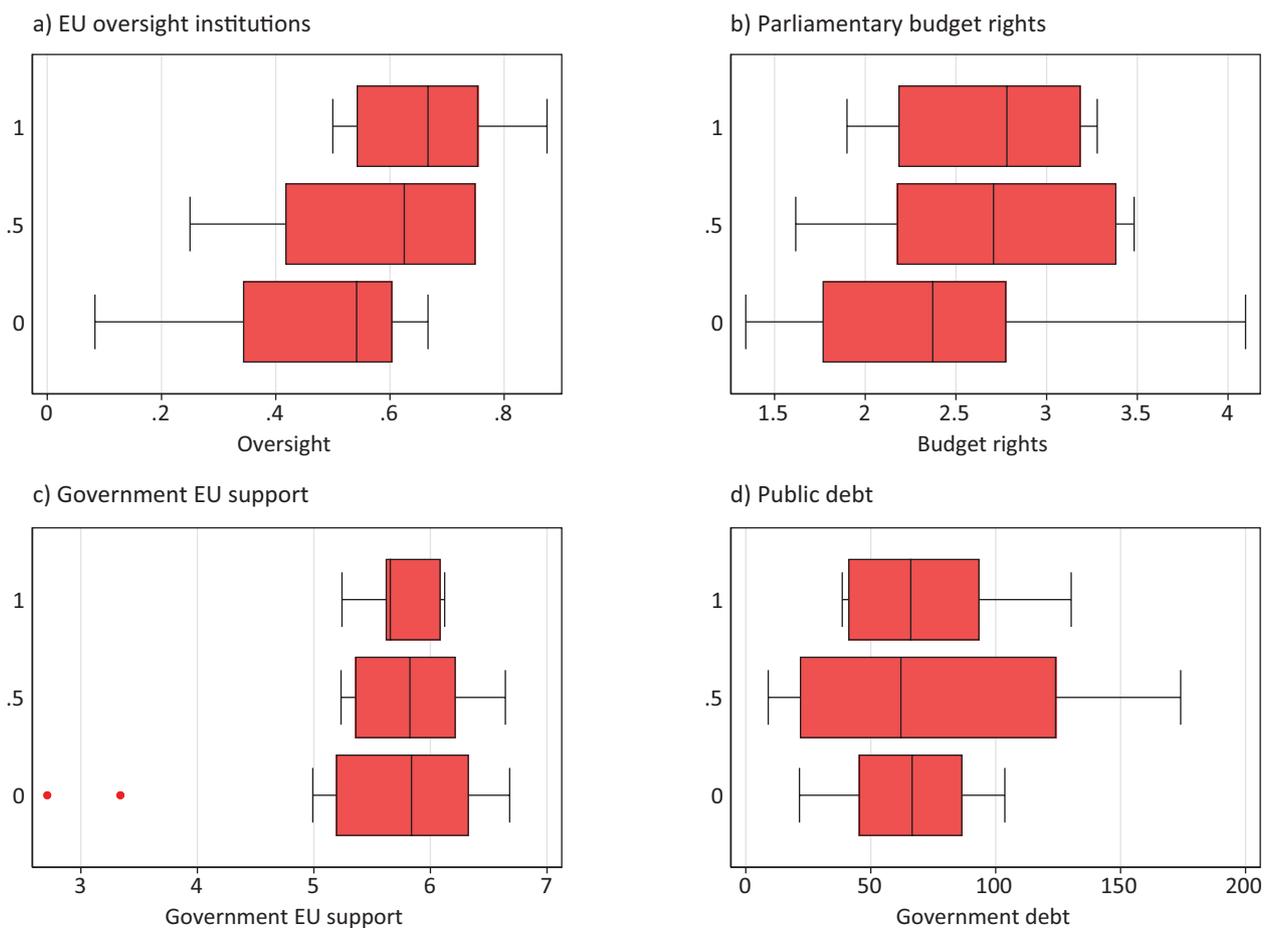
Figure 3 examines relationships between the other conditions, averaged from 2011–2019, and European Semester adaptation of national parliaments in 2019. Parliaments with strong EU affairs oversight institutions appear to have adapted most to the European Semester, although this relationship is quite tentative. For example, the Finish and German parliaments have strong oversight institutions but no specific Semester rights and procedures. The Greek and Portuguese parliaments implemented some Semester-specific reforms despite having comparatively weak EU affairs institutions. Similarly, there seems to some tendency for



**Figure 1.** Parliamentary adaptation to the European Semester since 2011. Notes: The figure shows parliamentary adaptation to the European Semester averaged over member states and highlights all observed reforms; The trend rises in 2020 because the United Kingdom (a parliament without formal oversight institutions for the Semester) left the EU.



**Figure 2.** Parliamentary adaptation inside and outside of the Euro area in 2019. Notes: The color scheme encodes the values in Table 2: Dark blue = 1; Light blue = 0.5; Red = 0; Countries without the Euro but with close ties to the Euro area via the ERM or ratification of the Fiscal Compact are underlined. Source: Adapted from Winzen (2021).



**Figure 3.** European Semester adaptation in 2019 and explanatory conditions. Notes: The vertical axis shows adaptation to the European semester by 2019: No reforms (0), Moderate reforms (0.5), Strong reforms (1) (see Table 2); The horizontal axis shows average values of the conditions for 2011–2019.

European Semester adaptation to go together with budget rights. The overall picture is one of relatively ambiguous relationships. We can also examine relationships between the dichotomized conditions (see previous section) and adaptation to the European Semester to detect whether their presence or absence might be necessary or sufficient for parliamentary reforms. Yet, this is not case for any individual condition (see Appendix 2 in the Supplementary File).

### 7. Paths to Adaptation Within the Euro Area and Closely Linked Countries

The previous section suggests that membership in the Euro area or having close ties to the Euro area is necessary for the creation of oversight institutions in the European Semester. Yet not all parliaments that meet this condition adapt to the Semester. This section focuses on configurations of conditions that might explain parliamentary adaptation sufficiently. To this end, a QCA is presented, which groups cases based on their characteristics and searches, based on Boolean algebra, for combinations of characteristics that are sufficient for the outcome (Rihoux & Ragin, 2009). Focusing on the Euro

area and countries with close ties (given the absence of reform elsewhere), the outcome of interest is whether parliaments have *at least some oversight institutions* by 2019. The conditions are as described in the data and operationalization section.

The first step in a QCA is the *truth table* which shows the cases and configurations of conditions in the analysis (Table 4). Except for two deviant cases—Denmark and Spain—the table is free from contradictions. At the same time, most configurations are specific for one or two countries suggesting that paths to European Semester adaptation are relatively idiosyncratic. At first sight, this impression appears to be confirmed in Table 5, which shows minimally sufficient configurations for the positive (moderate or strong oversight institutions) and negative outcome, obtained by minimizing the *truth table*. We observe several, often complex configurations. Moreover, many conditions appear in paths to positive and negative outcomes, and they do so if they are present and absent.

However, careful examination of Table 5 suggests important insights. Regarding the positive outcome, all paths involve strong institutions in EU affairs or the budget process (albeit not necessarily both). Further analysis

**Table 4.** Cases and configurations in the analysis.

Oversight institutions	Budget rights	Pro-EU gov't	High debt	Outcome	Cases
1	0	1	0	1	EE, LV
1	0	0	1	1	NL
0	1	0	1	1	EL
1	1	0	1	1	IT
1	0	1	1	1	SI
0	1	1	1	1 (C)	1: AT, FR, PT. 0: ES.
1	0	0	0	0 (C)	1: DK. 0: FI, SK.
0	0	1	1	0	BE, IE
0	0	1	0	0	LU
1	1	1	1	0	DE

Note: Cyprus, Lithuania and Malta are excluded due to missing data on parliamentary budget rights.

(not shown) confirms that parliaments that lack institutional strength in at least one of these two areas do not, without exception, adapt institutionally to the European Semester. Thus, institutional strength—defined as strong rights in EU affairs *or* the budget—is another *necessary condition* for reform besides being in the Euro area or close to it.

A second finding is that debt, combined with institutional strength, and, possibly, reinforced by rather Eurosceptic governments (in Italy and the Netherlands), forms a sufficient path to reform in many cases. A possible interpretation is that reform depends on favorable institutional conditions and the enhanced monitoring and enforcement prospect that stems from high debt. The interpretation of the third combination—institutional strength and pro-EU governments—is less clear, however, as pro-EU governments have more commonly been seen as source of weak parliamentary adaptation to European integration.

Concerning the negative outcome, two conclusions can be drawn. First, as strong EU affairs institutions *or* budgetary rights are necessary for reform, their *joint absence* (i.e., institutional weakness) is by implication *sufficient* for the absence of reform. This implication (which can be confirmed in further analysis of the data) fits the path of Belgium, Ireland, and Luxembourg. It also implies that the third condition, pro-EU governments, can be eliminated from this path. It likely only remains as a result of the limited diversity of observed configura-

tions. There is thus a sufficient path of institutional weakness explaining the lack of parliamentary oversight institutions for the European Semester.

Second, the paths to no reform also underline the limits of the institutional argument. Institutional strength is *necessary* for reform and institutional weakness is *sufficient* for no reform, but institutional strengths is unambiguously not *sufficient* for reform. This is in line with arguments highlighted earlier about the Finish parliament, which deemed reform unnecessary in light of the existence of a strong oversight system (Kreiling, 2018; Rozenberg, 2017). The absence of debt might further explain the lack of reform in Finland (as well as Slovakia). The German case seems most puzzling given strong EU *and* budget institutions and noteworthy debt. One interpretation might be that such strong institutions, possibly reinforced by pro-EU governments, render reform unnecessary even if high debt enhances the prospect of entering the Semester's enforcement mechanisms.

One might ask whether selecting alternative or additional conditions would lead to different results. Given the limited membership of the Euro area, it should be kept in mind that adding conditions quickly exacerbates 'limited diversity' (unobserved configurations) and idiosyncrasy (all cases described by their own configurations). Yet, some key questions can be explored. First, opposition rather than governing parties might be decisive. However, replacing government with opposition EU support (the seat-weighted, average EU position of

**Table 5.** Results of the QCA.

Positive outcome	Cases
<b>Oversight</b> * <i>~budget</i> * <b>Pro-EU govt</b>	EE, LV, SI
<b>Oversight</b> * <i>~pro-EU govt</i> * <b>Debt</b>	IT, NL
<i>~oversight</i> * <b>Budget</b> * <b>Debt</b>	AT, FR, EL, PT. Inconsistent: ES.
Negative outcome	Cases
<i>~oversight</i> * <i>~budget</i> * <b>Pro-EU govt</b>	BE, IE, LU
<b>Oversight</b> * <i>~budget</i> * <i>~pro-EU govt</i> * <i>~debt</i>	FI, SK. Inconsistent: DK.
<b>Oversight</b> * <b>Budget</b> * <b>Pro-EU govt</b> * <b>Debt</b>	DE

Notes: Bold font denotes that a condition is present; The '*~*' symbol and italics denote the absence of a condition.

all opposition parties, dichotomized at the mean) creates three evenly split, inconsistent configurations (not shown). Focusing on the opposition thus reduces our ability to distinguish parliaments that did or did not adapt to the European Semester.

Furthermore, the focus on debt as economic indicator could be criticized. The budget deficit holds an equally important place in the European Semester. Moreover, experience with EU conditionality in an ESM program might encourage parliamentary adaptation. Table 6 shows QCA results with the budget deficit replacing public debt as a condition. First, the main findings remain unaffected. For the positive and negative outcomes, the configurations are identical except for the debt and deficit conditions. A fourth path to the positive outcome, which however overlaps strongly with the third, is added but does not change the above conclusions regarding the relevance of institutions. However, whereas debt and institutional strength were found to form sufficient configurations in some cases, this is not consistently the case for the deficit. In general, the presence as well as the absence of excessive deficits is compatible with positive and negative outcomes. Second, Table A5 in the Supplementary File shows QCA results with past participation in an ESM program added as a condition. However, this analysis largely results in configurations in which the ESM condition, in its presence or absence, is simply appended to the previously found configurations, suggesting that it does not add to our ability to distinguish or systematize parliamentary reactions. This is likely due to the small number of countries having experienced an ESM program and the overall limited number of Euro area member states and countries.

### 8. Conclusions

Ever since the start of the European Semester, scholars have raised concerns about the input legitimacy and potentially detrimental effects of this process on national parliaments (Crum & Merlo, 2020; Lord, 2017). The goal of this study has been to examine whether national parliaments address these concerns by adopting Semester-specific reforms of their domestic oversight

procedures and rights. The focus was on whether Euro area parliaments might be more likely to adapt to the Semester and what might explain variation among Euro area countries. It was found that parliamentary adaptation to the European Semester has remained mixed with only some countries seeing reforms. In this respect, the picture remains similar to the early days of the Semester (Rittberger & Winzen, 2015). Overall, parliamentary adaptation to the European Semester reflects existing divides related to differentiated integration and uneven institutional strength.

The analysis suggests new findings. First, two necessary conditions for reform were identified: Euro area membership and institutional strength. Together, these two conditions explain the lack of reform in 9 of (by 2019) 28 member states. Cyprus and Malta were excluded due to lack of data on budget rights, but it is often thought that these parliaments have weak institutions. If so, the absence of adaptation to the European Semester in these countries could possibly also be explained as above. This finding contributes new evidence to previous, albeit more behavioral, studies that disagree on the effect of Euro area membership (Hallerberg et al., 2018; Rasmussen, 2018).

Second, interpreting the effect of institutional strength in terms of *necessity* helps to resolve disagreement in the literature. Existing institutions might motivate reform, as commonly argued in the literature on national parliaments in the EU (Benz, 2004; Dimitrakopoulos, 2001), but might also render reform unnecessary, as indicated in the literature on the European Semester (Kreiling, 2018; Rozenberg, 2017). This tension can be resolved if we think about existing institutions in terms of necessity. If parliaments lack institutional strength—evidenced by a lack of oversight procedures and rights in EU and budget matters—the path to adaptation to the European Semester is blocked. In contrast, if strong EU or budget oversight exists, adaptation becomes possible. Yet, whether reforms then occur, as in 9 countries, or not, as in Finland, Germany, and Slovakia, depends on further factors.

Third, the results regarding sufficient configurations for reform are more ambiguous. It appears that possible

**Table 6.** Results with the budget deficit instead of debt as a condition.

Positive outcome	Cases
<b>Oversight * ~budget * Pro-EU govt</b>	EE, LV, SI
<b>Oversight * ~pro-EU govt * ~deficit</b>	DK, IT, NL. Inconsistent: FI.
<b>~oversight * Budget * Deficit</b>	FR, EL, PT. Inconsistent: ES.
<b>~oversight * Budget * Pro-EU govt</b>	AT, FR, PT. Inconsistent: ES.
Negative outcome	Cases
<b>~oversight * ~budget * Pro-EU govt</b>	BE, IE, LU
<b>Oversight * ~budget * ~pro-EU govt * Deficit</b>	SK
<b>Oversight * Budget * Pro-EU govt * ~deficit</b>	DE

Note: Bold font denotes that a condition is present. The ‘~’ symbol and italics denote the absence of a condition.

exposure to the Semester's enforcement procedures in countries with high debt might be sufficient for reform if institutional conditions are favorable. Yet, in several cases our ability to explain reform remains partial. These cases include Estonia, Latvia, and Slovenia, where institutional conditions are favorable, but it is not obvious what else motivated reform. Two deviant cases (Denmark and Spain) also remain. Regarding Denmark, Rasmussen (2018, p. 350) explains that parliamentarians grew dissatisfied with deficits of existing oversight mechanisms and specific Commission recommendations after two cycles of the European Semester and adopted more tailored rules. This is plausible, but it remains unclear from a comparative perspective why the same outcome did not obtain in, for example, Finland or Germany. Potentially, the compatibility of Commission recommendation with domestic policy preferences might play a role.

What are the wider implications? To begin with, if parliamentary oversight institutions are seen as indicator of input legitimacy, the results suggest a differentiated assessment of the input legitimacy of the European Semester. Within the Euro area, where the impact of the Semester is potentially highest, some institutionally strong parliaments have taken measures to adapt. Some parliaments have not implemented reforms but already have strong EU affair or budgetary rights. In contrast, the parliamentary deficit of the European Semester is clearest in the case of Euro area countries with institutionally weak parliaments. These parliaments are exposed to the Semester process and enforcement mechanisms but have not addressed domestic institutional weakness. Outside of the Euro area, parliaments have refrained from reforms, probably because the relevance of the European Semester without potential sanctions is ambiguous. Whether recent links made between the European Semester and the EU's Covid-19 response facility might change this pattern remains to be seen.

Whether the results indicate wider challenges beyond the European Semester can be debated. In an optimistic reading, they might imply that parliaments reform adequately given existing institutions and variation in the EU-level challenges that they face. In a more pessimistic reading, the results might imply that the deepening of integration widens the asymmetry between different parliaments within the Euro area and between the Euro area and less integrated countries (see also Benz, 2013; Rittberger & Winzen, 2015). Some studies, including recent literature on the European Semester (Papadopoulos & Piattoni, 2019), consider the limited involvement of (some) domestic actors such as parliaments in the EU as a normative and practical challenge.

Finally, it could be seen as a challenge that differentiated integration seems to lead to wider differences in how domestic institutions develop. A common argument is that differentiation, as practiced today, protects the unity of the EU's core institutions, both formally and in practice (Adler-Nissen, 2009; Dyson & Marcussen, 2010; Schimmelfennig & Winzen, 2020). This might reduce

the true gap in exposure to EU policymaking between insiders and outsiders and could facilitate a return to uniform integration. It does not seem to be the case, however, that differentiation also preserves similarity in how domestic institutions engage with EU policymaking—rather, by reducing the relevance of EU processes for some member states, differentiated integration also reduces incentives for institutional adaptation. Domestic actors such as parliamentarians might thus end up less engaged—and, to the extent that engagement might foster support, less likely to support a return to uniform integration. These behavioral conjectures remain to be studied systematically, however.

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### Conflict of Interests

The author declares no conflict of interests.

### Supplementary Material

Supplementary material for this article is available online in the format provided by the author (unedited).

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Article

## Routine or Rare Activity? A Quantitative Assessment of Parliamentary Scrutiny in the European Semester

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### Abstract

The European Semester is an EU procedure, designed to facilitate coordination between national and EU actors in planning and implementing economic and fiscal policies and contribute to sustained economic convergence and employment in the EU. Scholars have highlighted this procedure as a crucial area of EU politics for national parliaments since its introduction in 2011. However, national parliaments participate differently in the European Semester. This article investigates which factors (institutional, political, economic) are more likely to intensify parliamentary engagement at the national stage of the procedure, based on a comparative quantitative analysis of parliamentary scrutiny activities across 35 parliaments/chambers in the EU over the 2014–2017 period. The article offers new insights about prospects for greater parliamentary accountability in the European Semester in practice.

### Keywords

European Semester; national parliaments; parliamentary accountability; parliamentary scrutiny

### Issue

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## 1. Introduction

The European Semester (ES) is a policy coordination and monitoring procedure that follows national budgetary cycles at the EU level. The procedure enables greater EU level influence over a wide range of member states’ policies with rules and requirements that can constrain national policy choices (Laffan, 2014; Laffan & Schlosser, 2016). Most notably, it can affect decisions concerning national budgets, which is the most important prerogative of national parliaments. In this regard, scholars have highlighted this procedure as a crucial area of EU politics for national parliaments (de Wilde & Raunio, 2018) and argued for a stronger parliamentary role and involvement in the ES to secure accountability and input legitimacy to the ES-related policy-making processes (Crum & Merlo, 2020; Lord, 2017). Yet what national parliaments actually do in the procedure is still unclear. This contri-

bution to the thematic issue investigates which institutional, political and economic factors are more likely to intensify parliamentary scrutiny of their government’s programmes in the ES and thus contribute to domestic accountability.

The ES can create difficulties for parliamentary participation and challenge its abilities in monitoring the government’s EU-level actions and obligations concerning fiscal and economic policies in several aspects. This relates to the ES ‘hybrid’ mode of governance (Armstrong, 2013; Dawson, 2015) that diverts from standard EU decision-making and legislative procedures, the fact that there are no specific EU provisions for the formal involvement of national parliaments (Amténbrink & Repasi, 2016), and the functioning of the procedure as an ongoing cycle with intensive exchanges between the European and national authorities in yearly revisions of national policy plans and EU recommendations

(Crum & Curtin, 2015; Dawson, 2015). As a result, the ES does not only add another layer of complexity to EU-level policy-making but it also requires significant efforts from national parliaments to effectively follow the procedure and respond to its constraining aspects over national policy choices that might stretch their capacities and motivation.

Empirical studies so far have pointed to uneven participation of national parliaments and highlighted the importance of both formal powers and motivation in influencing parliamentary decisions to scrutinise the ES. Rasmussen (2018) stressed the importance of formal powers and monitoring capabilities for effective parliamentary involvement in the ES. Still, Kreiling (2018) argued that active parliamentary ES scrutiny depends on domestic political dynamics and economic strength, while formal powers are a precondition for greater scrutiny. The study by van den Brink (2018) pointed out that parliaments are rather selective when considering more active ES scrutiny, depending on the perceptions of the policy impact this might have in the procedure. Maatsch (2017) showed that contestation of the ES is more likely to occur when parliament has strong budgetary powers and there is incongruence between EU recommendations and parliamentary party economic preferences. Overall, the empirical evidence is scarce and because the existing assessments focused on parliamentary participation in different ES cycles and examined the impact of different factors at different stages of the procedure, findings are not always directly comparable and a general overview is still lacking.

Against this background, this article contributes with a comparative analysis of the ES scrutiny activities across 35 parliamentary chambers in the EU over the 2014–2017 period. The analysis does not include the Greek parliament (Greece did not fully participate in the ES during the observed period), and parliaments from Malta and Cyprus (lack of data for operationalisation of variables for the analysis). In addition, the upper chambers in Austria and Belgium (no formal competencies) and Slovenia (specific composition complicates operationalisation of variables for the analyses) are not included.

The contribution of the article is threefold. First, methodologically, it provides an operationalisation of the parliamentary scrutiny in the ES that allows for a distinction between passive/minimal and active/greater participation in the procedure. Second, empirically, it offers a comparative analysis of parliamentary ES scrutiny activities and makes it possible to test the explanatory power of factors commonly argued in the literature to be influencing parliamentary participation in EU policy-making on a larger number of observations and over a longer period. The aim is to provide a general overview of parliamentary engagement in ES scrutiny in practice and thus contribute to still scarce empirical research on parliamentary behaviour in the EU economic governance. Finally, the article con-

tributes to the broader debate about the parliamentary accountability and democratic legitimacy of the EU economic governance.

The remainder of this article is structured as follows. Section 2 discusses how the parliamentary scrutiny in the ES can be operationalised quantitatively and also includes elements for greater accountability. Drawing on previous research, the third section outlines theoretical expectations. Data and operationalisation are presented in the fourth section, followed by the empirical analysis in the fifth section. The final section concludes.

## 2. Measuring Parliamentary Scrutiny of the S/CP-NRP

This article focuses on parliamentary engagement at the national stage of the ES when national governments are required to report on their plans for achieving defined budgetary objectives (Stability or Convergence Programme [S/CP]) and actions related to broader socio-economic policies (National Reform Programme [NRP]) and how they will contribute to achieving EU priorities and targets. These programmes have to be submitted to the Commission for review by the end of April each year. Based on the assessment of the S/CP-NRP, the Commission prepares policy recommendations that are expected to be implemented by the member states. An adequate parliamentary involvement in the preparation process of the S/CP-NRP is necessary to ensure that government's planned policy actions, and its EU commitments and their implications, are properly assessed, discussed and justified, i.e., that the government is accountable for its ES decisions.

In the context of this thematic issue, accountability is defined as a chain of exchanges between accountant (here the members of parliament) and accountee (here members of government), whereby the former asks questions about policies and actions of the latter, while the latter must provide answers (Wozniakowski et al., 2021). To be able to systematically assess parliamentary accountability mechanisms at the national stage of the ES across different parliaments in practice, this study relies on the existing literature measuring parliamentary scrutiny in EU affairs for selection of elements and indicators (Auel et al., 2015a; Karlas, 2011; Maurer & Wessels, 2001; Raunio, 2005; Winzen, 2012; for an overview see also Auel & Neuhold, 2018). These are adjusted to the ES context and used to develop scrutiny activity scores (see Table 1). I will briefly discuss selected elements and how they contribute to enhancing parliamentary scrutiny and control over the government in the ES.

The *number of committee meetings and/or plenary debates* can already indicate the intensity of scrutiny of the S/CP-NRP and allows for an initial distinction between passive and active parliamentary engagement (the first element). Since all ES-related documents are eventually available online, including the S/CP-NRP, it is important that parliaments obtain

**Table 1.** Indicators measuring parliamentary scrutiny of the S/CP-NRP.

Elements	Measurement
Intensity	Number of committee meetings Number of plenaries
Access to additional information	Number of hearings with: <ul style="list-style-type: none"> <li>— Representatives from the Government</li> <li>— EU officials</li> <li>— Experts/Stakeholders</li> </ul>
Outcome	Number of parliamentary statements on the programmes Number of parliamentary votes on the programmes
Mainstreaming the ES	Number of committees involved in the scrutiny Plenary debate, counted as a maximum number of committees involved
Timing	Number of days passed since the first scrutiny activity took place before the S/CP-NRP were sent to the Commission (April 30)

Note: Suggested indicators and measurements are based on the literature cited directly above.

*additional information* on these programmes and their implications. This can be done via parliamentary hearings (the second element). In particular, hearings with the government allow for a targeted discussion about the government's planned activities and additional explanations, while hearings with EU representatives and relevant experts can provide a source of independent information and additional expert assessments. This can help parliaments to examine government plans more effectively, and ensure greater accountability. The third element relates to parliamentary *resolutions or voting on the S/CP-NRP* (all contributions on which I rely for selection of elements emphasise and include this aspect for EU affairs more generally).

Parliaments that employ these instruments can better articulate their position concerning the government's plans and EU level commitments in the S/CP-NRP and highlight potential disagreements and their preferred course of action. This, in turn, can increase the government's anticipation of parliamentary reaction and incentivise greater discussions to provide pertinent explanations, thus ensuring greater accountability (here, see also Rozenberg, 2017). Furthermore, since the ES is an intensive and technical procedure that covers extensive policy areas, the way parliaments process ES issues, i.e., *the mainstreaming* is important (the fourth element). For example, the literature emphasises the benefits of relying on sectoral expertise in ensuring effective scrutiny (here, see also Gattermann et al., 2016). Sectoral committees can provide specialised assessments of different policy areas covered in the S/CP-NRP and contribute to expert discussion and efficient scrutiny performance. Scrutiny of these programmes in plenary can ensure broader political discussion on relevant ES issues and their implications. Both aspects can enhance parliamentary accountability. Finally, *the timing of parliamentary involvement* (the fifth element) is important because effective scrutiny requires sufficient time for the

review of the S/CP-NRP. Since the ES operates according to specified deadlines, it is relevant to consider not just when parliaments receive relevant documents but also when the scrutiny process actually starts.

### 3. Explaining the Variation

To explain the variation in the S/CP-NRP scrutiny across parliaments/chambers, I test the explanatory power of three sets of factors that have been found in the literature to play a role in observed differences of parliamentary participation in EU policy-making. These include the national institutional context (H1a, H1b) and political (H2, H3a, H3b) and economic (H4) incentives.

The literature highlighted the importance of the institutional context for the overall parliamentary activity since it determines formal rules and provides institutional opportunities (Auel et al., 2015b; Raunio, 2011). Because the ES is an EU level exercise that is particularly focused on national public finances, parliamentary strength in both EU and budgetary matters is important for engagement of national parliaments in this exercise and parliamentary ability to effectively scrutinise the S/CP-NRP and (if necessary) constrain government actions as well as EU level commitments. Powerful parliaments in EU and budgetary matters can obtain relevant information more easily and are in a better position to secure timely and substantial scrutiny of the S/CP-NRP.

H1a: The greater the parliamentary strength in EU affairs, the greater S/CP-NRP scrutiny

H1b: The greater the parliamentary strength in budgetary matters, the greater S/CP-NRP scrutiny

However, a strong parliamentary position and formal opportunities to hold the government accountable do not necessarily translate into de facto activity (Auel

et al., 2015a). The extent to which parliaments make use of available formal means to monitor the government will vary depending on executive-legislative relations (Raunio, 2011). Moving beyond a view of parliament as a collective actor, different parliamentary actors will have different interests when it comes to more intensive scrutiny of the government's policies and actions, and they are expected to employ different strategies (Auel, 2007; Raunio, 2011). The interest of the parliamentary opposition is to criticise the government's planned or implemented policies and/or propose alternative solutions (Karlsson & Peterson, 2018), so it will be more likely to demand greater political accountability from the government (Auel, 2007) in the ES (Kreilinger, 2018). By contrast, the governing parliamentary majority is expected to be less motivated to thoroughly scrutinise the government's ES agenda (Kreilinger, 2018) and more prone to support the government in respecting EU commitments and agreements (Rose, 2014). Therefore, the greater the seat share the governing parties hold in the parliament and the greater the margin over the opposition, the more the government can rely on its parliamentary support to push forward its ES agenda.

H2: The greater the seat share of the governing parties in parliament, the lower S/CP-NRP scrutiny

Divergent intra-parliamentary political stances on respective policy areas and issues can also incentivise greater scrutiny (Gattermann & Heffler, 2015). The ES enables enhanced EU surveillance of key national policies whereby the Commission assesses national fiscal and economic plans and can recommend financial sanctions. Such strong EU-level presence in national matters coupled with the enhanced EU rules and monitoring mechanisms can especially incentivise Eurosceptic parliamentary parties to challenge the ES agenda for their electoral and policy advantages. Particularly so since formerly depoliticised issues related to EU economic governance have become increasingly salient (Leupold, 2016). Based on previous research (Gattermann & Heffler, 2015; Raunio, 2005), such potential of political contestation of the EU in parliament is expected to positively correlate with tighter scrutiny.

H3a: The higher the conflict potential over the EU in parliament, the greater S/CP-NRP scrutiny

The ES touches upon politically salient issues of national economic and social development. For quite some time, the ES was oriented more towards fiscal consolidation (Falkner, 2016; Zeitlin, 2016). In terms of general economic policy preferences, this approach is more likely to be supported by economically right-leaning parties, with economically right-wing governments being better placed to implement such policies (Alesina et al., 1997; Eihmanis, 2018). By contrast, since economically left-leaning parties generally prefer more generous social

policies (Alesina et al., 1997), there might be a wider gap between the ES policy approach and the preferences of these parties. Additionally, EU fiscal rules might be especially constraining for the preferred policy choices of the parties representing the economic left. Since the parliamentary politicisation of EU economic governance evolved around national economic interests (Maatsch, 2017; Wonka, 2016), a greater potential for disagreement along ideological left-right economic lines in parliament is expected to incentivise scrutiny of the S/CP-NRP to secure preferred policy outcomes.

H3b: The higher the conflict potential on the economic issues in parliament, the greater S/CP-NRP scrutiny

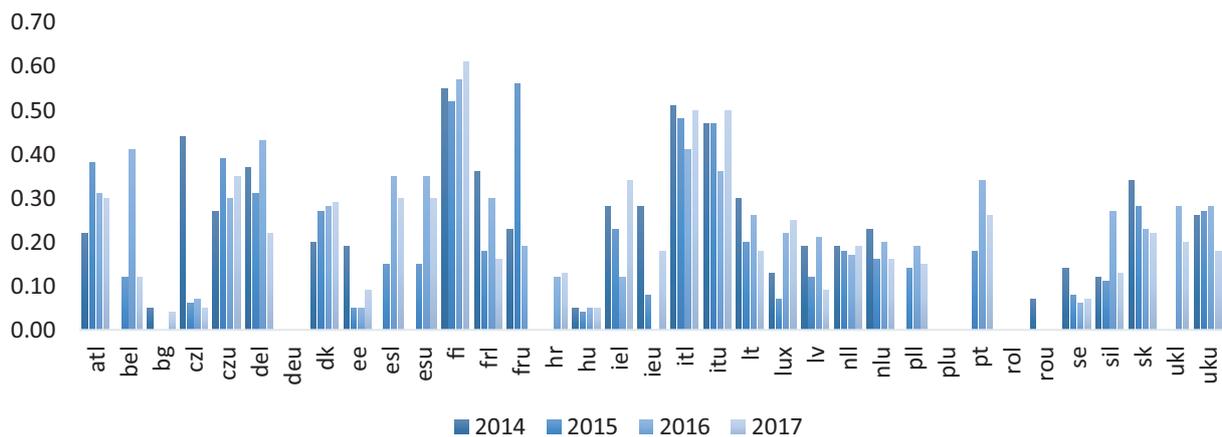
Finally, previous research showed that the national economic situation has had a positive impact on parliamentary scrutiny during the Eurozone crisis (Auel & Höing, 2015), and even in the period after the crisis (Kreilinger, 2018). Since member states across the EU strive to maintain a positive economic outlook and restore and/or secure their credibility on the financial markets and the confidence of foreign investors, unfavourable economic situations and their potential economic and political consequences are expected to attract parliamentary attention. Importantly, problematic budgetary and macroeconomic developments detected within the ES can lead to the opening of procedures for excessive deficits and/or macroeconomic imbalances, accompanied by stricter EU surveillance, which is expected to incentivise greater parliamentary scrutiny of the government's plans and actions in the ES.

H4: The more unfavourable the national economic situation, the greater S/CP-NRP scrutiny

## 4. Data and Operationalisation

### 4.1. Dependent Variable

The dependent variable is a score for the parliamentary scrutiny activities related to the S/CP-NRP, calculated for each parliament/chamber and each year under the investigation (see Figure 1). The score is based on five elements and consists of ten indicators that were presented and discussed in section two of this article. Data on the S/CP-NRP scrutiny activities was collected in an original quantitative dataset, using various sources (the ES documents, parliamentary websites and the IPEX database). Additional data and materials were directly obtained from parliamentary officials, which also verified all collected data for their respective parliament/chamber (with few exceptions, including the Belgian, the Bulgarian and the Swedish parliament as well as the Romanian Senate and the Slovenian National Assembly). The dataset includes a total of 309 parliamentary scrutiny activities. The final sample consists of



**Figure 1.** Parliamentary S/CP-NRP scrutiny scores. Notes: The figure shows overall scrutiny activity in a specific year in comparison to the most engaged parliaments/chambers; Portugal did not fully participate in the ES in 2014; ‘L’ stands for lower and ‘U’ for upper chamber for bicameral parliaments.

140 chamber-year observations. A detailed overview of yearly scores and explanations of employed methods of aggregation and weighting is provided in Table A1 in the Supplementary File.

#### 4.2. Independent Variables

Table 2 presents the main independent variables that test the formulated hypotheses. All variables are measured at the chamber level, with exception of the economic situation, Eurozone membership and public Euroscepticism, which are measured at the country level. Variables measuring the seat share of governing parties in parliament, and the conflict potential over EU and economic issues in parliament are re-calculated after each parliamentary election to account for the changes. The variable measuring public Euroscepticism and the economic situation is calculated yearly. Table A2 in the Supplementary File provides summary statistics for all variables used in the analyses.

### 5. Empirical Analysis

To account for the multilevel hierarchical structure and the longitudinal aspect of the data, I employ multi-level modelling. The data on scrutiny activities of 35 parliaments/chambers (level-1) is nested within 25 countries (level-2). Statistical evidence obtained by the inter-class correlation coefficient (ICC) demonstrated hierarchical structure effects on the outcome variable: 53 percent of the total variation is due to differences between countries. The follow-up likelihood ratio tests confirmed that the multi-level model is preferred over a classical, single-level model. Temporal effects were not confirmed by the performed initial tests, and are, therefore, not included in further analyses and model specifications.

I conducted a series of fixed slope, random intercept multi-level analyses. Model 1 predicts the outcome using institutional factors only. Model 2 introduces the polit-

ical, while Model 3 adds the economic factors. Finally, Model 4 is a full model that includes all three sets of factors and control variables. Predictor variables in the analysis are not centred, considering the small sample size and limited year intervals as well as the fact that there is no collinearity issue detected.

Table 3 presents the estimation results of the multi-level analyses for the parliamentary scrutiny of the S/CP-NRP as the outcome variable (for all robustness tests see the Supplementary File). Different model specifications yielded similar results. The results confirm the effect of the formal powers in EU affairs at the 99 percent level. The effect is also considerable: Increasing the OPAL score (range: 0.21–0.84) by 0.1 results in an increase of 0.06 in the S/CP-NRP scrutiny score (range: 0–0.61), which amounts to a yearly scrutiny score of some parliaments. The effect of the debt level is also confirmed with a statistical significance at the 99 percent level: Higher government debt-to-GDP level is associated with higher scrutiny of the S/CP-NRP. For every unit increase in the government debt level, a 0.002 unit increase in the S/CP-NRP scrutiny score is predicted. Considering that the levels of government debt range from 9.5 to 132.6, this effect is not as small as the small coefficient in the analysis suggests. Furthermore, the results indicate a negative effect of the greater seat share of the governing parties in the parliament on the scrutiny of S/CP-NRP, as expected. Yet this finding is not robust under different model specifications and cannot be reported with confidence.

By contrast, the effect of the budget amendment powers (H1b) is not confirmed: The association with the outcome variable does not have the expected direction and does not conform to conventional levels of significance. The conflict potential over the EU (H3a), as well as economic issues (H3b), do not have statistically observable effects either. Finally, the effects of control variables point in the expected direction but are not statistically confirmed. The limited variation in

**Table 2.** Independent variables and operationalisation.

Independent variable	Operationalisation	Source
EU affairs powers (H1a)	The OPAL score measuring the institutional parliamentary strength in EU affairs, updated to include Croatia.	Auel et al. (2015a)
Budget powers (H1b)	Measured as legally prescribed arrangements for a parliament to amend the budget with the following categories: 0 = no amendments allowed; 0.5 = amendments allowed with certain limitations; 1 = unconstrained amendments.	OECD (n.d.)
The seat share of governing parties in the parliament (H2)	The ‘total government support’ variable in the CPDS dataset measuring parliamentary seat share of all parties in the government, weighted by the numbers of days in office in any given year. The variable allows accounting for all changes in the size of governing parliamentary parties in any given year under examination.	Armingeon et al. (2019)
Conflict potential: EU (H3a)	Calculated based on the formula for the weighted parliamentary party system dispersion provided by Gattermann and Heffler (2015, p. 134), using data on party positions on the European integration from the 2014 and 2017 rounds of the CHES expert survey.	Polk et al. (2017)
Conflict potential: economic issues (H3b)	Calculated based on the formula for the weighted parliamentary party system dispersion provided by Gattermann and Heffler (2015, p. 134), using data on party ideological stances on economic issues from the 2014 and 2017 rounds of the CHES expert survey.	Polk et al. (2017)
Economic situation (H4)	Measured as the gross general government debt as a percentage of GDP.	Eurostat (2021)
Elections (control variable)	Binary variable with value 1 when parliamentary elections took place two months before the 30 April deadline for the submission of national programmes. The organisation of the parliamentary elections close to this deadline is expected to negatively affect scrutiny activity due to campaigning, and the dissolution of the parliament due to elections.	Armingeon et al. (2019)
Eurozone membership (control variable)	Binary variable with value 1 for formal membership in the Eurozone. The expectation is that the Eurozone parliaments will have more incentives for greater scrutiny since there are more EU requirements and also the possibility of sanctions within the ES for the Eurozone member states.	
Public Euroscepticism (control variable)	Measured as the percentage of citizens per year stating that their country did not benefit from EU membership, relying on the European Parliament 2014–2017 Parlemeter surveys as a data source. The expectation is that parliamentarians in more Eurosceptic member states will have more incentives to actively participate in the ES for their electoral purposes.	European Parliament (n.d.)

data could be the reason for the statistically insignificant negative effect of parliamentary elections since only 6 chambers had elections shortly before the 30 April deadline. Eurozone membership shows a positive effect on scrutiny but it is not statistically significant, suggesting that the S/CP-NRP scrutiny is not more important for Eurozone parliaments (see also Auel & Höing, 2015). Still,

additional tests which model some individual dimensions of the overall S/CP-NRP scrutiny score separately, suggest that Eurozone parliaments are more likely to rely on the specialised expertise within the parliament by including more sectoral committees in the scrutiny process (see Table A5 in the Supplementary File). Finally, the effect of public Euroscepticism on parliamentary scrutiny

**Table 3.** Multilevel models for the parliamentary scrutiny of the S/CP-NRP.

DV: Scrutiny score SCP/NRP	Model 1	Model 2	Model 3	Model 4
EU affairs powers	0.528*** (0.149)	0.569*** (0.157)	0.660*** (0.136)	0.613*** (0.133)
Budget amendment powers	-0.0395 (0.0464)	-0.0470 (0.0469)	-0.0621 (0.0428)	-0.0543 (0.0426)
Seat share govt parties		-0.00232 (0.00137)	-0.00281* (0.00130)	-0.00283* (0.00130)
EU conflict		-0.00227 (0.00374)	-0.000991 (0.00339)	0.0000152 (0.00338)
Economic conflict		0.00214 (0.00318)	0.00173 (0.00285)	0.000900 (0.00290)
Govt debt to GDP			0.00253*** (0.000611)	0.00236*** (0.000676)
Elections=1				-0.0118 (0.0463)
Eurozone membership=1				0.0461 (0.0400)
No benefits				-0.000395 (0.00154)
Constant	-0.0595 (0.0770)	0.0374 (0.133)	-0.152 (0.127)	-0.137 (0.126)
Ins1_1_1				
Constant	-2.241*** (0.177)	-2.207*** (0.184)	-2.482*** (0.213)	-2.549*** (0.237)
Insig_e				
Constant	-2.277*** (0.0667)	-2.299*** (0.0676)	-2.312*** (0.0684)	-2.307*** (0.0698)
Observations	140	140	140	140

Notes: \*  $p < 0.05$ ; \*\*  $p < 0.01$ ; \*\*\*  $p < 0.001$ ; standard errors in parentheses.

points in a negative direction but it is not statistically confirmed, suggesting that more sceptical public opinion towards the EU does not necessarily create incentives for parliamentarians to actively engage in the ES. There are, however, some indications that more sceptical public opinion towards the EU might hurt the timing of parliamentary scrutiny, disincentivising an earlier start of scrutiny activities related to the S/CP-NRP (see Table A5 in the Supplementary File).

To summarise, the statistical evidence selectively confirms the importance of institutional factors in explaining parliamentary S/CP-NRP scrutiny. All variants of the model provide empirical support for the expectation that formal strength in EU affairs is an important predictor for greater scrutiny (H1a). The scores show, for example, active engagement of the Finnish parliament, the Czech upper chamber and the German lower chamber in the S/CP-NRP scrutiny, which are considered among the most powerful parliaments in EU affairs (see Auel et al., 2015a). The Swedish and

Estonian parliaments are some noticeable exceptions in this regard. Surprisingly, and contrary to the expectation (H1b), the budget-amending powers do not seem to increase the likelihood of greater scrutiny. One possible interpretation could be that parliaments with strong budgetary powers already have institutional opportunities to actively engage and influence the government's public finance policies and scrutinise EU-related fiscal obligations within the national budgetary process, and therefore, invest fewer efforts in the S/CP-NRP scrutiny. In other words, parliaments with a stronger budgetary position may not have to rely on the ES scrutiny to effectively hold their government to account and monitor the implementation of budgetary policies, including compliance with EU requirements. The S/CP-NRP then may not warrant intensive scrutiny. The Finnish parliament is an outlier because it enjoys unconstrained budget amendment powers (Wehner, 2006) but also intensively scrutinised national ES programmes. This is because the ES is well aligned with the existing budgetary timeline in

Finland (Leino-Sandberg & Salminen, 2014). The Stability Programme is part of the government's Public Finance Programme and is scrutinised following a regular budgetary process.

Another surprising finding is that there is no strong statistical evidence of the effect of political-motivational incentives on the S/CP-NRP scrutiny (H2, H3a, H3b). All tested factors seem to be either unstable or negligible predictors for greater scrutiny. There is some evidence that the greater parliamentary seat share of the governing parties decreases scrutiny activity, but the effect is unstable. The observation that fundamental lines of political conflict in parliament are not what is driving greater scrutiny of the S/CP-NRP could correspond to findings by Rasmussen (2018) and van den Brink (2018), who showed that in some parliaments there is a lack of political motivation to perform greater scrutiny when these programmes provide a summary of policies that have been discussed and agreed upon within national processes. Also, some of these programmes refer to EU priorities/targets rather generally and do not always specify how the outlined measures will address them (European Court of Auditors, 2020). Increased party-political contestation might, however, occasionally spur scrutiny in some specific instances in some cases (Kreilinger, 2018; Maatsch, 2017). Further qualitative research is needed to uncover whether and how exactly party-political factors impact the S/CP-NRP scrutiny and whether pro/anti-EU and economic left/right lines of conflict become visible in parliamentary discussions of these programmes although they might not need to necessarily invoke them.

Finally, the statistical evidence confirms the importance of the economic incentives (H4) but requires further specification. The results suggest that with the increase of government debt, parliamentary attempts to secure their participation in the ES seem to be greater, and scrutiny of the S/CP-NRP tends to be more active. The scores show that parliaments whose countries had high debt levels, such as the French, the Italian and the Portuguese parliaments, for example, performed greater scrutiny. Importantly, other economic indicators that are commonly used to assess the national economic situation, such as the unemployment rate or national credit ratings do not seem to affect the parliamentary S/CP-NRP scrutiny (for the results of all tested economic indicators see Tables A3 and A4 in the Supplementary File). One possible interpretation could be that in the ES, national parliaments tend to focus on the debt level as the core economic indicator, considering that its limits are defined by the Maastricht Treaty and closely monitored at the EU level within the procedure. Excessive debt levels can trigger stricter EU surveillance over national policies within the ES, increasing the pressure on national governments to take corrective actions effectively. For Eurozone members, there is also a threat of sanctions in case of consistent non-compliance. Other economic indicators are relevant for overall economic

performance. Yet, possibly because these indicators do not carry as serious implications for the member state governments within the ES as the high public debt level, they do not incentivise greater parliamentary scrutiny.

## 6. Conclusion

The ES procedure is a central part of the EU economic governance, aimed at contributing to the financial and economic stability and sustainability of the Eurozone/EU. Yet whether it has weakened the role and abilities of national parliaments to scrutinise/control fiscal and economic policies is still being questioned (Wozniakowski et al., 2021). This article assessed the participation of national parliaments in the ES in practice, investigating which factors help to explain the variation in parliamentary scrutiny of the S/CP-NRP. The developed scrutiny activity scores allowed for an assessment from a broad comparative perspective and during four ES cycles.

Before concluding, two caveats are in order. The first is related to the effect of budgetary powers on the parliamentary scrutiny activity. I accounted for this aspect in a limited way since I only considered budget amendment powers, which usually highly correlate with the overall budgetary strength (Wehner, 2006) and are an important factor in explaining cross-parliamentary variation in the budgetary procedure (Wehner, 2014). More comprehensive indicators exist (Hallerberg et al., 2012; Wehner, 2006) but they include only lower chambers and/or do not include all EU member states, and hence, were not suitable for the analysis. There is a need for an indicator of the parliamentary budgetary strength that would cover all parliamentary chambers in the EU. Including such an indicator in the analysis would provide firmer results on the effect of parliamentary budgetary powers on the S/CP-NRP scrutiny. I found a negative yet insignificant effect of these powers on the S/CP-NRP scrutiny activity but this does not mean that they are not important for the parliamentary following of the procedure overall and especially parliamentary abilities to effectively process ES-related budgetary and macroeconomic requirements.

The second is related to some limitations of the developed scrutiny activity scores that have to be mentioned. The scores reveal only a specific portion of parliamentary ES activities. They concern the S/CP-NRP exclusively and do not consider other ES documents/stages. Also, the scores do not include all possible parliamentary scrutiny activities (for example oral questions). Moreover, while the scores measure different degrees of parliamentary scrutiny, they cannot capture actual parliamentary impact. The parliamentary participation in the ES involves complex political considerations and interactions on both national and EU levels, which cannot be easily detected or quantified. A more qualitative approach would be required to assess how successfully parliaments managed to exert their influence in the ES.

Despite these limitations, the findings show that the majority of national parliaments/chambers scrutinised the S/CP-NRP, although with considerable variation concerning their activities. Few parliaments/chambers did not engage in scrutiny of the S/CP-NRP at all, while some parliaments performed scrutiny only irregularly. In explaining cross-parliamentary variation, the empirical evidence indicates two important predictors for greater scrutiny of the S/CP-NRP: formal strength in EU affairs and government debt level, as a specific economic incentive.

Formal powers and capacities in EU affairs can facilitate engagement in the ES as an EU level procedure, and national parliaments tend to use their available institutional opportunities to scrutinise S/CP-NRP more actively. Previous research on parliamentary behaviour in the ES/EU affairs argued that formal powers in EU affairs are an important prerequisite for greater scrutiny activity (Auel & Höing, 2015; Auel et al., 2015b; Kreilinger, 2018; Rasmussen, 2018). In this regard, the lack of adequate institutional opportunities can constrain effective parliamentary scrutiny of the government's planned actions concerning EU requirements and targets outlined in national ES programmes in practice. This highlights the importance of parliamentary institutional adaptation in the ES (see Winzen, 2021).

Moreover, it seems that financial stability, which is central to the ES policy coordination and monitoring, captures parliamentary attention. When public finance liability (approximated with the public debt) is at risk, national parliaments tend to increase their attempts to scrutinise the S/CP-NRP more actively. Exceeding debt level limits defined by the Maastricht Treaty can trigger stricter EU surveillance over national policies and increase EU level pressure on the government to implement measures for debt reduction. For Eurozone member states there is also a threat of financial fines. It appears that parliaments tend to focus on the binding aspect of the ES and are aware of potential negative EU implications for their government, demanding greater accountability for planned policy actions and measures in case of problematic developments.

Overall, the findings of this contribution suggest that beyond binding rules within the ES, where the EU-related aspect and impact on national policies is the most evident, parliamentary attention to the procedure and prospects for greater accountability might be limited. The largely non-binding EU policy recommendations, which are the main output of the ES, and the rather low national implementation rate (Darvas & Leandro, 2015) might contribute to the apparent low political salience of the ES in national parliaments more generally. This could suggest that, in practice, a clear link between the ES procedure that, apart from the binding rules, requires other commitments in coordinating multiple national policies at the EU level and national policy-making might be missing. This rather raises concerns from a democratic legitimacy point of view since, even as a soft-governance

tool, the ES enables EU steering and guiding of member states' policies (Haas et al., 2020) and "involves the making of political judgements at the European level" (Crum & Merlo, 2020, p. 407). In this regard, EU targets and objectives in the ES concerning broader socio-economic development in the EU that can influence national policy choices might not be detected and adequately scrutinised and debated by national parliaments, if at all.

The participation of national parliaments in the EU multilevel system is a broadly discussed topic in the literature. The continuous European integration process not only increasingly affected national competencies but also often empowered executive actors and created complex and opaque policy- and decision-making processes, thus raising concerns about the EU democratic deficit (Follesdal & Hix, 2006). In this regard, the role of the national parliaments together with the European Parliament has been emphasised in securing accountability, essential to democratic governance, in the multilevel EU system (Crum & Fossum, 2009). Yet integrating national parliaments in the EU multilevel system proved difficult (Raunio, 2009). Although enhanced over time, parliamentary institutional rights (Winzen, 2012, 2021) and practices (Auel et al., 2015b), including especially communication efforts (Auel et al., 2016; Auel & Höing, 2015; Wonka, 2016) in EU matters still differ across national parliaments. The extent to which national parliaments are able and willing to engage in EU affairs (Auel & Christiansen, 2015) and play a more active role as an essential part of the democratic structure of the EU multilevel governance varies. Overall, national parliaments face different trade-offs and opportunity costs when considering more active participation in the EU framework and their approaches to EU matters are selective (de Wilde & Raunio, 2018). The ES connects the EU governance with core national policies, which are also domestically highly politically salient. It has been argued that national parliaments, therefore, should prioritise this procedure because it can be beneficial for enhancing the parliamentary role and democratic functions in both domestic and EU affairs (de Wilde & Raunio, 2018). Yet the findings of this contribution suggest that, while national parliaments tend to be active at the national stage of the ES in practice, the ES may still fail to generate political motivation for greater parliamentary accountability across member states.

The outlined state of affairs, however, might change in light of the current developments related to the Covid-19 pandemic. The management of the new Recovery and Resilience Facility instrument, providing EU grants and loans to the member states to support their reform and investment efforts, is now linked to the ES (European Commission, 2020). EU financial support will depend on the Commission's assessments of National Recovery Plans and national progress in reform implementation. Therefore, not only the government's programmes, as well as specific stages of the ES, are expected to become increasingly politically salient but

the ES will also be more directly linked with national policy-making. This could emphasize the political aspect of the ES procedure and strengthen the role and involvement of national parliaments in the EU multilevel system of governance.

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### Conflict of Interests

The author declares no conflict of interests.

### Supplementary Material

Supplementary material for this article is available online in the format provided by the author (unedited).

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Article

## Parliamentary Scrutiny of the European Semester: The Case of Poland

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### Abstract

The European Semester became an essential part of the revised governance architecture of the Europe 2020 reform strategy for the Single European Market under the conditions of the global financial crisis and the emerging eurozone crisis a decade ago. The article examines to what extent the European Semester offers channels to establish *throughput legitimacy* by granting national parliaments the ability to effectively scrutinise executive decision-making in the annual policy cycle. Poland is chosen as the case study for parliamentary scrutiny of the EU's system of multi-level governance in the East-Central European region. The analysis adopts a liberal intergovernmentalist two-level approach. On the domestic level it concentrates on the involvement of the Sejm, the lower house of parliament, on the drafting of the Polish National Reform Plans for the annual Semester policy cycle between 2015 and 2020. The basis for the analysis are official transcripts from the plenary debates in the relevant committees, the European Affairs Committee and the Public Finance and the Economic Committee. The Polish case study illustrates that the European Semester represents a predominantly elite-driven process of policy coordination, which is strongly geared towards EU-level executive bargaining processes between national governments and the European Commission at the expense of domestic parliamentary scrutiny.

### Keywords

economic governance; European Semester; European Union; national parliaments; Poland

### Issue

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### 1. Introduction

This article concentrates on Poland as the case study for parliamentary input legitimacy in the East-Central European (ECE) region in relation to the EU-level European Semester annual coordinative policy cycle, which is integrated in the economic and social Europe 2020 reform strategy. The case study is determined not only by the fact that Poland the largest member state in the group of the ECE member states. The ECE countries not only have a less deep-seated tradition of parliamentary democracy than their Western neighbours. They also display tendencies towards backsliding from post-communist democratisation and moving towards semi-autocratic hybrid regimes or “velvet dictatorships” (Agh, 2019, p. 176) with weakening levels of parliamen-

tary input and scrutiny, as well as independent judicial oversight. It is therefore crucial to particularly monitor to what extent parliaments in the countries in the region maintain input and scrutiny in the area of EU-level policy-making. Poland has also made an astonishing transformation from economic and social laggard towards economic leader in the region. At the time of accession to the EU in 2004, Poland was not only lagging behind in terms of its GDP per capita but with 19.1% of the population out of work, it also recorded the highest unemployment rate amongst the 2004 ECE-8 accession group (Schweiger, 2014a, p. 178). Poland used the conditionality of EU membership to reform its labour market and improve its competitiveness, and ultimately decided to stay clear of joining the eurozone to maintain monetary policy as a means for economic policy-making. The combination

of being closely tied to the German export production chain inside the Single European Market while remaining outside the eurozone and the prudent utilization of EU funds to target domestic vulnerabilities assisted Poland in acquiring the prime position of being the only country which stayed clear of recession during the global financial crisis and the subsequent eurozone sovereign debt crisis (Drozdowicz-Biec, 2011; Duszczuk, 2016, p. 253). The EU presents the European Semester as part of the implementation of the eurozone's reformed six pack governance rules in the context of a new complex system of multi-level governance. It is nevertheless obvious that the European Semester has shifted the balance substantially towards the European Commission in an attempt to strengthen its mandate as a supervisory and corrective agent, particularly in the eurozone. The European Parliament mainly plays a consultative role in the area of employment policy and is reduced to the role of a bystander in the European Semester coordination of national economic and budgetary policies. The European Semester hence displays a significant deficit in terms of legislative scrutiny on the EU level. In this respect it fits into the wider legitimacy problem of the EU. The EU is generally weak on ensuring the direct participation of citizens in its policy process. EU policies are mainly legitimised through national elections, where governments receive the mandate to negotiate EU-level treaties and policies on behalf of their citizens. This worked during the first three decades of the integration process, when the "permissive consensus" between citizens and government elites gave the latter the benefit of the doubt in producing efficient policy output (Chrysochoou, 2009, p. 30). It has however become increasingly constrained as the EU's institutional setting, its policy remit and the diversity of its membership grew over time. In the larger EU with its complex system of multi-level governance, where it has become ever more difficult for citizens to determine the responsibility for EU laws and policies, there is now the predominance of an obvious 'dissensus' under which public trust in political leadership has declined and scepticism towards national and EU level institutions, including national parliaments and the European parliament, has grown (Hooghe & Marks, 2009, p. 5). The latest Eurobarometer poll conducted in February–March 2021 shows very low levels of trust in national governments (35%) and parliaments (36%) and only slightly more in the EU and its institutions (49%; European Commission, 2021b, p. 9).

National parliaments play a crucial role in ensuring the legitimacy of the EU policy process. They not only provide input legitimacy by acting as the main bodies, where the electoral choice of the sovereign is represented and where hence a government majority emerges which constitutes the basis for executive decision-making. They also play a crucial role in ensuring throughput legitimacy by monitoring and influencing legislative processes. The influence of national parliaments in the legislative process is consequently a crucial precondition to ensure

efficient policy outcomes. Input legitimacy in the form of national elections therefore becomes the basis for ensuring transparent and efficient policy-making in the EU. Particularly the EU's complex system of multi-level governance requires transparency in order to be considered legitimate by the citizens in the member states against the background of growing public scepticism. Throughput legitimacy is therefore crucial "for evaluating the legitimacy of complex processes and procedures occurring within the 'black box' of multi-level governance, as it processes input demands through governance institutions to produce policy outputs" (Schmidt & Wood, 2019, p. 729). The focus on the procedural quality of EU-level policy processes such as the European Semester in terms of both accountability and transparency is hence crucial to legitimise them on the domestic electoral constituency level. Comparative studies of the level of scrutiny of EU-level politics by national parliaments however display discouraging picture (Auel, 2007; Cornell & Goldoni, 2017; Jancic, 2017). They have most of all emphasised that individual national parliaments lack the means to exercise direct input into the legislative process on the EU institutional level (Boronska-Hryniewiecka, 2013, p. 91). Input into governmental decision-making on EU affairs on the domestic level is hence crucial.

In the Polish case the lower house of parliament, the Sejm, is the crucial piece in the legitimacy puzzle of the European Semester as monitoring of EU-level policy procedures such as the European Semester, takes place in the Sejm at committee stage. Legislative scrutiny of EU-level policy-making in a rather centralised system between the Polish government represented by the Council of Ministers and the Sejm takes mainly place in the European Affairs Committee, with additional involvement of the Public Finance and the Economic Committee in the case of policy areas which deal with single European market and eurozone issues, which is at the heart of the European Semester policy cycle. Previous analyses of the involvement of the Sejm committees in scrutinising EU level policies have pointed out that the level of parliamentary scrutiny in Poland is rather weak due to the non-binding nature of recommendations made by Sejm committees (Gärtner et al., 2011, p. 88).

The crucial research question which this article examines for the case of Poland is hence to what extent national parliaments are able to effectively scrutinise executive decision-making in the European Semester process. Effective scrutiny is here defined as a process where subsidiarity is continuously applied and parliamentary supervision of policy-making in the EU's multi-level governance system takes place as a process which ensures not only input legitimacy but most of all also throughput legitimacy. Following the definition by Schmidt and Wood this means that the analysis needs to concentrate both on the level of accountability and transparency of governance processes and also on their

openness towards input from civil society (Schmidt & Wood, 2019, p. 730).

The second section of the article sets out the methodological approach and theoretical framework which is based on a liberal intergovernmentalist two-level perspective and focused on throughput legitimacy. The third section briefly outlines the scope and the mechanisms of the European Semester in the context of the Europe 2020 Strategy. The main analysis of parliamentary scrutiny of the European Semester in the context of Poland's domestic polity is presented in the fourth section, followed by a concluding evaluation in the final section.

## **2. Parliamentary Scrutiny of the European Semester: A Two-Level Approach towards Throughput Legitimacy**

### *2.1. Theoretical Framework*

The analysis presented here follows the perspective of the two-level approach developed by Andrew Moravcsik's liberal intergovernmentalism, based on Putnam's original assumption that states play "two level games" between the interests of their domestic constituencies and external negotiations (Putnam, 1988, p. 434). This is significant as it is the basis for Moravcsik's liberal intergovernmentalist theory, which explains policy-making in the EU as a two-level game between the domestic political environment of each member state, secondly the supranational level of the Community, where interstate bargaining between member states and EU bodies takes place. On the domestic level, Moravcsik puts the emphasis on the need for national governments to develop their strategic policy preferences by taking into account the plurality of national interests. Governments hence consider electoral responses to their decisions but also take into account the representation of societal interests through public consultations with stakeholders. The extent to which the latter consultations take place inside legislative bodies or through other channels depends on the degree of institutionalised corporatism in each domestic polity. In polities with high levels of integrated policy coordination the level of interest group influence on executive policy decisions is higher than in those where the emphasis lies on the swift implementation of policy change. This can be seen by the practical operation of the varying degrees of corporatism found in the political economies of Nordic social democratic, continental conservative-corporatist and liberal models (Amable, 2003; Esping-Andersen, 1989). The degree of legislative involvement also depends on the extent to which governments consider it to be beneficial to strengthen their standing in supranational bargaining processes through domestic parliamentary mandates.

Most importantly, Moravcsik's liberal intergovernmentalism considers national preferences to represent "the objectives of those domestic groups which influence the state apparatus" (Moravcsik, 1998, p. 24). It is hence

crucial to determine to which extent the formation of national preferences takes place in a domestic policy cycle between public consultation, legislative scrutiny, and executive decision-making. This especially applies to the European Semester, which represents a to this date unprecedented experiment in multi-level policy coordination. The European Semester was relatively quickly established in response to the volatility caused by the global financial crisis and the subsequent triple banking, economic and sovereign debt crisis with the aim of instilling confidence and stability in the way governance works in the EU and particularly in the eurozone (Schweiger, 2016, p. 136).

The European Commission points out that the European Semester "allows EU countries to discuss their economic and budget plans and monitor progress at specific times throughout the year" (European Commission, 2021a). Liberal intergovernmentalism emphasises the fact that national governments benefit from being able to maintain the national preferences on the second level of bargaining with other member state governments and EU-level institutions, mostly in terms of their electoral standing (Moravcsik, 1993, pp. 483, 515). One would therefore assume that governments want to ensure that the national preferences they introduce on the supra-national level of bargaining represent the plurality of domestic societal interests and that at the same time the bargaining process runs smoothly without major disruptions and delays. These assumptions point towards the need for national governments to effectively coordinate their policy agenda with domestic veto players to ensure that the national preferences reflect a relatively broad national policy consensus. It is obvious that governments in a parliamentary democracy have to consider both the formal institutional veto players (amongst them, national parliaments) who act as agents to prevent change and the partisan veto players (e.g., political parties) inside these institutions who can tilt the balance of political decisions (Tsebelis, 1995, p. 302). Especially concerning European policy-making however, governments are today confronted with growing Eurosceptic sentiments amongst the electorate who questions EU-level policies both in terms of democratic legitimacy and output efficiency. This results in what Schmidt describes as populist politics, which is directed both against policy issues (politics against policy) and the EU as a polity (politics against polity). The latter ultimately poses the risk of resulting in the gradual disintegration of the EU with Brexit being potentially the first step in a wider disintegrative tendency (Schmidt, 2020, p. 107).

### *2.2. Methods and Data Analysed*

The two-level perspective adopted in this case study concentrates on the examination of the priorities determined in the Polish National Reform Plans in the European Semester policy cycle during the period from 2015 until 2020 and how these have been reflected in

domestic parliamentary debates in the lower house of the Sejm at committee stage. For the latter purpose, transcript from the parliamentary committee meetings in the Sejm which deal with EU issues were considered. The analysis also considers internal parliamentary dynamics such as the influence of populist parties.

### 3. The Europe 2020 Strategy and the European Semester

For almost two decades now the European Union has been trying to implement an effective strategy against the persistent growth, employment, and competitiveness problem in many member states. The first attempt to coordinate national economic, employment and welfare policies was made in 2000, when the EU initiated the Lisbon Strategy with the target-based open method of coordination mechanism. The Lisbon Strategy was supposed to improve the performance of member states in the areas of growth and employment over the next decade by setting overall targets and encouraging national governments to engage in policy learning from the strategies implemented by the best performing member states. At the mid-term review in 2004 under the newly appointed Barroso Commission things looked bleak. The high-level group of experts under the leadership of Wim Kok, commissioned by Commission President Barroso to assess the performance of member states towards the Lisbon targets, essentially pointed out the lack of commitment and performance of many member states in the Lisbon process. The Kok report hence asked member states to step up their commitment towards the performance targets if they did not want to risk undermining “the sustainability of the society Europe has built” (European Commission, 2004, p. 16).

At the time of the Lisbon revision the Commission could certainly not anticipate the events that would unfold. They were of course completely unaware that during the next five years European economies would be hit by the effects of a sub-prime loan crisis in the financial industry in the United States. The resulting global financial crisis not only pushed back the performance of those countries that had already been amongst the worst performers in the EU; it also weakened particularly those liberal market economies with a strong dependence on the financial services industry, which before the crisis had been promoted as role models for competitiveness, stimulating growth and job creation (European Commission, 2004, p. 10). The triple impact of an economic, banking, and sovereign debt crisis in many EU member states represented a fundamental setback to the ambition of the Lisbon Strategy to turn the Single European Market into the most dynamic and competitive economic area in the world.

The EU responded to this reality by developing a new and more sophisticated reform strategy, which was supposed to draw the lessons from the flaws of Lisbon. The Europe 2020 Strategy, initiated in March

2020, abandoned the narrow focus on growth and jobs and instead presented a wider set of targets which concentrate on generating competitiveness through innovation, making growth sustainable and achieving higher levels of social cohesion. The Commission proposed a more stringent set of targets which would be implemented on the basis of a new annual coordinative policy cycle (European Commission, 2010, p. 9). The resulting European Semester is described by the Commission as “a strong governance framework that harnesses the instruments at its disposal to ensure timely and effective implementation” (European Commission, 2010, p. 25) which enables the mutual discussion of national macroeconomic and budgetary reform plans. In terms of procedure the European Semester policy cycle is initiated by the discussion of the draft national budgets of the eurozone member states with the European Commission and by the publication of six analytical documents by the Commission:

1. The Annual Growth Survey, which determines the main challenges facing the EU collectively in terms of budgetary and macroeconomic development.
2. The Alert Mechanism Report focusing on existing and potential macroeconomic imbalances in the member states.
3. The Joint Employment Report, which summarizes the achievements and ongoing challenges for member states in this area.
4. The Euro Area Recommendation on specific reform proposals for the euro area made in cooperation with the Council.
5. The Single Market Report which is based on an economic forecast conducted by the European Commission four times a year (spring, summer, autumn, and winter).
6. The Opinions on the National Reform Plans (NRPs) issued by the member state governments.

In November each year national governments are required to submit national budgetary convergence and macroeconomic reform plans which are subsequently discussed in the Council on the basis of the draft country-specific recommendations issued by the European Commission. The final country-specific recommendations emerge on the basis of the interaction between the Commission guidelines and a collective adoption of the member states in the Council. Implementation of these recommendation subsequently depends on the domestic policy process. Monitoring by the Commission is more extensive if a country displays significant budgetary and/or macroeconomic imbalances and is particularly stringent for the countries of the euro area (European Parliament, 2020, p. 4).

In effect the European Semester consequently represents a process which predominantly focuses on inter-governmental bargaining between member state governments individually and collectively in the EU Council

and with the European Commission. The European parliament plays a subordinate role in this process and according to its own assessment is mainly involved in the European Semester “through economic dialogue”:

In the context of the dialogue, Parliament may invite the Presidents of the Council, the Commission, the European Council or the Eurogroup, to discuss documents and procedures relating to the European Semester. In addition, in the specific case where a Member State is subject to recommendations under the preventive and/or the corrective arm of the Stability Pact and the macroeconomic imbalance procedure, Parliament may invite a national representative from that Member State for an exchange of views. (European Parliament, 2019, p. 5)

The lack of European Parliament scrutiny of the process explains the need to focus on national parliaments as potential agents of establishing input, throughput, and ultimately also more effective output legitimacy. National parliaments are the natural focus of domestic constituents and hence offer the most promising strategy to “deepen the EU’s procedural integrity in a way that will also strengthen its existential integrity” (Lacey & Nicolaidis, 2020, p. 384).

#### 4. Poland Under the European Semester

In 2015 Poland witnessed a profound change from the centre-right pro-European Civic Platform government under Prime Ministers Donald Tusk (2011–2014) and Ewa Kopacz (2014–2015) towards the right-wing populist and Eurosceptic Law and Justice (PiS) government of Andrzej Duda. Under changing prime ministers, PiS has since cemented its leading role in Polish politics, always under the strong influence of Jarosław Kaczyński, who has been leader of PiS since 2003 and also served as Polish prime minister between 2006 and 2007. He is currently also deputy prime minister under Mateusz Morawiecki, who took over as prime minister from Beata Szydło in 2017. PiS has shown a tendency to expand the powers of executive government at the expense of legislative and judicial powers. Against this background of democratic backsliding (Przybylski, 2018) it is important to examine to what extent individual areas of EU-level policy-making have been affected by the weakening of democratic mechanisms on the domestic level.

In the first available documents for Poland in the European Semester process in 2013 the main emphasis of the National Reform Programme was on rectifying the slump in economic growth to just above 1%, continuing the downward trend in unemployment, which was just starting to fall again after it had slightly risen from 7% in 2008 to just over 10% in 2013. Moreover, the focus of Poland lay on reducing the significant percentage of people who were at the risk of poverty—25.8% (Republic of Poland, 2013). The final Council recommendations on

the Polish convergence programme highlighted the need for Poland to improve business conditions, particularly in the area of research and development and to ensure greater participation of young people and women in the labour market (European Council, 2013).

Poland has not received any notification of macroeconomic imbalances since 2013 (European Parliament, 2020, p. 12). At the same time Poland’s record of implementing the country specific recommendations issued by the European Commission and the Council is relatively poor. Between 2013 and 2018 Poland implemented on average only around 20% of the recommendations. It consequently remains at the bottom of the country-specific recommendation implementation score in the EU (Bénassy-Quéré & Wolff, 2020, p. 17). In Poland, the governmental consultations with economic, scientific, and civil society stakeholders are framed by their involvement “in the process of updating the NRP and implementing the European Semester” (Republic of Poland, 2020, p. 87). Parliamentary involvement usually takes place in the form of a parliamentary hearing at Committee Stage in the lower house Sejm, which involves representatives from relevant ministries and also members of the European Parliament and subsequently a further hearing on the recommendations published by the Commission.

The European Semester cycle in Poland during the past five years has been characterised by a similar set of recommendation issued by the Commission and the Council, which essentially concentrated on the following areas:

- Fiscal consolidation and management.
- Pension reform (2015–2016 and again since 2019).
- Labour market reform to reduce segmentation, increase participation (especially of young people and women) and to adopt strategies to implement lifelong learning.
- Facilitate investment in infrastructure, especially energy, transport, and construction.
- Strengthen the innovation of the economy (since 2018) and countering the effects of the Covid pandemic (2020).

At the discussion with the EU Affairs, the Public Finance and the Economic Committee on the 2015 annual National Reform and Convergence Plans in the Sejm on 23 April 2015, the government emphasised that the number of recommendations put forward by the European Commission in their annual country report at the initial stage of the Semester cycle in February has declined and that they have also become less detailed. At the same time the government advised the parliamentary committees that legislative input is possible but will ultimately depend on the collective approval by the EU Council: “It is possible to change the wording of the recommendation without the approval of the Commission only if such a change is in favour of a majority of the members

of the Council of the European Union” (Chancellery of the Sejm, 2015, p. 5). The discussions during the plenary hearing concentrated on the proposals of the European Commission to establish an independent Fiscal Council in Poland to propose and monitor measures to maintain the overall debt levels of Poland, which stood at just below 50% in 2014, within the 60% threshold of stability and growth pact (European Commission, 2015, p. 13). The background to this was Poland’s ability to enter the eurozone, an issue which the Civic Platform administration of Prime Minister Donald Tusk (2007–2014) had emphasised as a crucial ambition for Poland to join the core of the European Union (Schweiger, 2014b, pp. 12–13). The members of Parliament (MPs) who took part in the public hearing expressed diverging opinions about the establishment of an independent Fiscal Council, which could eventually hold the powers to initiate widespread change to fiscal policies, such as pensions. Jerzy Żyżyński, MP for the Eurosceptic PiS, which subsequently won the 2015 national elections with the largest share of mandates, raised the general question why the European Commission proposed the establishment of an unelected body. He considered this proposal to be at risk of jeopardising the right of the Sejm to exercise its budgetary powers:

This is some artificial creation, the functioning of which is currently difficult to imagine. It is for the Sejm to pass the budget. Who would advise this? After all, the government formulates the draft budget, the Sejm debates on it later and it is the Sejm that actually passes the budget with some amendments. (Chancellery of the Sejm, 2015, p. 8)

In the 2015 update to the Semester Convergence Plan, submitted by the Polish government, the emphasis lay on maintaining the government commitment towards keeping the threshold of structural public debt in relation to the GDP to a maximum of 55% of public debt. The Fiscal Council is mentioned but the government expresses no intention to pursue this proposal further. Instead, government representatives point out that the Supreme Audit Office annually submits an assessment of the implementation of the national budget and on monetary policy to parliament, echoing the doubts of opposition MPs about the establishment of a separate independent body (Council of Ministers, 2015, pp. 9, 64).

Since the election of the second PiS administration in November 2016 the Annual Semester cycle has formally received the same level of parliamentary scrutiny as in previous rounds under the Civic Platform governments. Nevertheless, if one examines the extent of parliamentary scrutiny, it becomes obvious that the government is trying to push through its agenda without substantial input from MPs. This within the existing procedural rules under the 2011 Cooperation Act and mainly through the executive powers of the Sejm. Under the Cooperation Act, which determines relations between

the Polish government and parliament, Sejm’s European Union Affairs Committee (SUE), which consists of up to 46 members, has the duty to ensure that parliamentary oversight of developing and implementing EU law takes in relation to Poland takes place. The Council of Ministers therefore has the duty to make all related documentation available, including on “evaluations of annual legislative programmes of the European Commission drawn up by the European Parliament and by the Council”; usually these are submitted directly by the European Commission to the Sejm (Chancellery of the Sejm, 2021). The opinion of the EU Affairs Committee must be heard by representatives of the Council of Ministers in public parliamentary hearings on EU affairs and this should in practice be an integral part of the national preference formation which constitutes the first domestic level of the two-level game of EU policy-making according to the liberal intergovernmentalist perspective. The Council of Ministers is required to explain if it fails to take into account the opinion of the SUE in determining the official government position on the second level of supranational intergovernmental bargaining in the EU between member state governments with involvement of the Commission and other EU bodies (Chancellery of the Sejm, 2010, Articles 11–13). Closer examination of parliamentary hearing procedures reveals that since the 2016 parliament the powerful role of the speaker of the Sejm has been used by the right-wing Eurosceptic PiS administration to accelerate parliamentary hearings of government ministers by the SUE. As Maatsch shows in her analysis, the combination of speeding up legislative sessions, scheduling them at inconvenient times (such as late evenings), limiting the influence of stakeholders by decreasing the number of public hearings amount to “breaches of procedural correctness in the law-making process” which have become a common feature under the PiS government (2021, p. 17). During the parliamentary period 2014–2019, the number of total legislative sessions of the Sejm not only decreased from 102 to 86 when compared to the previous 2011–2015 parliamentary term; the most noticeable decrease is obvious in the number of occasions where MPs were able to hold the government to account by questioning ministers and given oral statements. The former decreased from 975 to 835 and the latter from 3552 to only 1806, which represents a significant deterioration in the level of parliamentary scrutiny. The PiS administration in Poland consequently pursues the ‘rationalization’ of policy-making through “attempts to strengthen or emancipate the position of the executive in law-making” by stretching existing parliamentary rules rather than to introduce institutional changes, which is one way right-wing populist parties expand executive powers at the expense of the legislature, as is shown by studies in the Czech Republic (Zbiral, 2021, p. 6). In contrast, the case of Hungary shows a more direct disempowerment of parliament through constitutional changes which have limited the legislative and scrutiny powers of the Hungarian

parliament towards the executive under the right-wing populist Fidesz majority government since 2012 (Ilonszki & Vajda, in press).

In the public hearing on the NRP in the Sejm on 13 April 2016 the government representative Jadwiga Emilewicz, Undersecretary of State in the Ministry of Development, emphasised the government's agreement with the assessment of the Polish situation presented by the European Commission in the country report published on 24 February 2016 (European Commission, 2016). At the same time, she pointed out the need for parliament to swiftly approve the reform plan: "The document will soon be submitted to the European Commission, therefore it is important that that today it will be widely accepted not only by the government but also by the parliament" (Chancellery of the Sejm, 2016, p. 4). During the hearing, a number of opposition MPs from the Civic Platform openly expressed their concern and discontent with the way answers they were trying to submit on the NRP were ignored by the government. MP Joanna Mucha voiced her dissatisfaction about the fact that the government representatives refused to answer questions from the MPs directly:

Madam President, it has never happened in our time that you would not be able to your ability to obtain information from the government. This is what the Sejm is for to perform a control function over government. As members, we have a duty, not only the right, to ask questions and receive answers. I am asking you to give me the floor, because you saw that I was reporting several times during the Minister's speech. (Chancellery of the Sejm, 2016, p. 12)

In the NRP published on 26 April 2016, the government emphasised that besides parliamentary scrutiny the process of preparing the report involved "a broad spectre of stakeholders from economic, scientific and civic society circles to participate in the work on drafting, implementation and monitoring of the NRP" (The Republic of Poland, 2016, p. 60). The consultation process is guided by an inter-ministerial team coordinated by the Economics Ministry. The emphasis in the Polish consultation process on the Annual Semester cycle since 2016 lies on this direct interaction between the government level and stakeholders, which includes regional authorities, employers' associations, trade unions, chambers of commerce and agriculture, NGOs, and research bodies. These consultation forums which run under the logo "Team for Europe" take place quarterly and therefore provide a constant input into the drafting of the NRPs and the monitoring of the implementation of the Annual Semester recommendations in Poland.

From the liberal intergovernmentalist perspective the PiS government has been pursuing a stakeholder-orientated approach in the European Semester consultations at the expense of parliamentary scrutiny. As PiS has been governing the country on the basis of a major-

ity in the Sejm since 2015 and also held the majority in the Senate until 2019, it could afford to neglect legislative scrutiny of the European Semester by the opposition parties. Instead, the focus has been on integrating stakeholders into the cycle through the "Team for Europe" approach. This confirms the observations made in studies on the domestic scrutiny of the European Semester process in other countries which have highlighted the fact that:

1. The acceptance or the contestation of reform proposals depends firstly on the economic agenda of governing and opposition parties.
2. Scrutiny of EU level policy guidance is more effective if pursued in plenary sessions rather than in committee hearings.
3. Governing parties prioritise their own domestic economic interests over effective scrutiny and compliance with external policy guidance. (Maatsch, 2017, p. 15)

The focus on other actors in the consultative process on the European Semester in Poland is hence not surprising, particularly given the low levels of institutionalisation of parties in East-Central Europe, shown in the lack of social embeddedness, high volatility, and problems with being considered as legitimate bodies to represent the public interest (Kriesi, 2014, p. 373). The limited parliamentary input in the European Semester process in Poland, particularly at the crucial stage of establishing the priorities of the national reform agenda, is not only reflected in the lower level of formal consultations than it is the case in the quarterly "Team Europe" consultations. It is also shown in the fact that the current PiS government has been clearly unwilling to adopt suggestions from opposition MPs. An example for this was the rejection to follow demands from opposition Civic Platform MPs to implement an independent Fiscal Council in Poland, which had been recommended by the European Commission and the Council. Although Poland currently remains the only EU member state without an independent Fiscal Council which oversees fiscal policy (European Parliament, 2019), at the hearing on 21 April 2017 the government representative Undersecretary of State in the Ministry of Finance Leszek Skiba firmly rejected the call of opposition MPs to follow the EU guidance in this respect:

Yes, there really is some belief that public finances could be more stable, if there was a Fiscal Council. This assumption seems unjustified. Actually, it is worth taking care of stable public finances, but this is not necessarily the right instrument for this purpose. (Chancellery of the Sejm, 2017, p. 4)

During parliamentary scrutiny of the NRP the following year the focus shifted towards criticism from government MPs towards the EU's alleged of focus on the national Polish priorities for economic reform,

particularly in the social area. PiS MP Gabriela Masłowska asked the government to be cautious:

About simply making recommendations which treat the EU as if it pursues our own goals....I believe that we should be very careful and critical about these matters and prudence to make our economic and social development a priority for us. (Chancellery of the Sejm, 2018, pp. 12–13)

Aneta Piątkowska (Deputy Director of the Government Department of Innovation at the Ministry of Entrepreneurship and Technology) responded: “Another thing I want to point out, the recommendations—how can we translate—are yes really recommendations. It is still not a sure obligation to introduce and this is how it should be perceived” (Chancellery of the Sejm, 2018, p. 13). Under the PiS, government parliamentary scrutiny has hence shifted towards a more general criticism of the Annual Semester process itself, rather than on the development of a reform agenda in response to the annual Commission country report issued at the beginning of the year. The growing lack of commitment to the process was also echoed in the to this date final parliamentary hearing on a Polish Annual Semester NRPs in 2019.

The hearing on the Polish NRP 2019 in the Sejm on 11 April 2019 was dominated by a dispute between PiS and opposition MPs on the lack of accuracy and detail on the figures presented in the draft NRPs. The government, represented in this case by the Undersecretary of State in the Finance Ministry, Leszek Skiba, responded to these criticisms by admitting that it considered the purpose of the parliamentary hearing to not present the final recommendations of the NRPs but instead “general information about certain intentions, without prejudging the nature of the very details” (Chancellery of the Sejm, 2019, p. 15). The 2020 Annual Semester process in Poland took place without any parliamentary scrutiny. The government explains this as follows: “Due to extraordinary circumstances related to the COVID-19 crisis, neither the Sejm, nor the Senate could be involved in the discussions on the preparation of the National Reform Programme” (Republic of Poland, 2020, p. 87). The question remains if the government will use the crisis to attempt to shift the process further away from legislative scrutiny towards direct consultations with relevant stakeholders. It has certainly declared its intention to re-evaluate how the European Semester process is conducted in Poland. This review takes place exclusively on the executive level through the interministerial committee and with a strong focus on “improving the involvement of social partners in the process of the European Semester” (Republic of Poland, 2020, p. 87). In its recommendations for the Polish government under the 2020 European Semester policy cycle, the European Council did not specifically address the lack of legislative scrutiny in the determination of the Polish reform agenda. The Council nevertheless empha-

sised that the Polish government should “ensure effective public consultations and involvement of social partners in the policy-making process,” thereby highlighting that the process of determining Poland’s European Semester NRP targets remains to be focused on top-down decision-making by government executives (European Council, 2020, para. 30(4)).

## 5. Conclusion: Evaluating the Polish Experience with the European Semester

The analysis of the involvement of parliamentary input in Poland illustrates the general problem of the process, which is heavily tilted towards executive bargaining processes between national governments and the European Commission, both on an individual bilateral level and collectively in the Council. The Polish case shows that the danger that the process could result in “a formal and complex game whereby governments decide the policy, the EU formulates the country-specific recommendations and governments have to implement them” is indeed a realistic one (Alcidi & Gros, 2017, p. 26). Although the Polish government includes a wide range of stakeholders through the “Team Europe” consultations, the level of parliamentary scrutiny remains weak. Formally it mainly takes place at committee stage. In terms of real input, the process lacks depth and more extensive mechanisms for individual MPs to get involved. Overall, this reflects the fundamental problem with the European Semester, which lies in the fact that from the two-level perspective the process is orientated towards bargaining on the second level, i.e., the supranational level between national governments and EU institutions, most of all the European Commission and the Council. The result has been that national governments shift their attention increasingly towards the supranational level, with less time and effort spent on domestic consultations and scrutiny (Crum, 2017, p. 274). At the same time national parliaments have shied away from disrupting the EU-level bargaining process with wide-ranging demands for scrutiny and policy changes (Fasone, 2014). Although the variety of parliamentary scrutiny of the different aspects of the European Semester varies considerably amongst EU member states—particularly between countries inside and outside of the eurozone (Hallerberg, 2017)—the Polish example not only exposes the fundamental problems of the process: constraining the ability of national governments to consider domestic legislatures and failing to compensate this on the EU level by also limiting the influence of the European Parliament to a purely consultative role. It also shows that particularly populist Eurosceptic governments tend to adapt existing parliamentary practices without necessarily amending them to limit legislative scrutiny in the context of the increasingly complex multi-level governance system of the EU. The Polish example consequently is in line with the general trend of the Europe 2020 Strategy which shows that it lacks efficient mechanisms to ensure

parliamentary input and throughput legitimacy, both on the supranational European Parliament level as on the crucial domestic level of parliamentary scrutiny. While this may not necessarily result in a lack of efficient policy output in the process of aspiring to achieve the overall Europe 2020 targets, the lack of parliamentary input and throughput scrutiny mechanisms pose a substantial risk for the level of public ownership of the European Semester policy process. This needs to be considered under the successor strategy of Europe 2020, which is most likely to lead towards the revision of existing policy practices, which will have the task of “ensuring a more citizen-driven and more decentralised democratic system while using the advantages of fair economic cooperation at a global level” (King, 2017, Slide No. 13).

### Conflict of Interests

The author declares no conflict of interests.

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Article

## Do Independent Fiscal Institutions Enhance Parliamentary Accountability in the Eurozone?

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### Abstract

Independent fiscal institutions (IFIs) have been established or reformed in all eurozone countries following the reform of economic governance. As they are expected to counter the deficit bias of the governments and the information asymmetry of the legislatures and the public over the management of the budget, IFIs may support or even strengthen parliamentary accountability. This hypothesis is tested with regard to three IFIs, the Irish Fiscal Advisory Council, the Italian Parliamentary Budget Office, and the Spanish Independent Authority for Fiscal Responsibility. Although the economic context in which the IFIs were created was similar in the three eurozone countries, as was their mandate, these institutions have a rather different institutional positioning, being within the Parliament, in Italy; within the Executive, in Spain; and a stand-alone body in Ireland. This is likely to influence the IFIs' contribution to parliamentary accountability and we hypothesize that the closer the position of an IFI and its contacts to the parliament, the stronger is the scrutiny of the executive on budgetary policies. The analysis of parliamentary questions, hearings, and of the activation of the 'comply or explain' procedures shows that, overall, the IFIs' potential role to enhance parliamentary accountability has remained underexploited by the three legislatures, with no significant differences as for the institutional positioning of the IFI.

### Keywords

European economic governance; independent fiscal institutions; Ireland; Italy; parliamentary accountability; Spain

### Issue

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### 1. Introduction

Ten years after the reform of European economic governance, its medium-term implications on democratic accountability are still to be explored to a large extent. Scholars have analysed at length the effects of the new European fiscal and economic rules on parliaments and have shown diverging views in this respect (Woźniakowski et al., 2021). At the same time, investigation into the new independent fiscal institutions (IFIs), the non-majoritarian technocratic bodies established or reformed under EU law after the eurozone crisis, and their impact on parliamentary activity within the economic governance procedures, is still very limited and at an early stage (see Fasone & Griglio, 2013, pp. 264–265; Horvath, 2018, p. 504).

As a consequence of the reinforced 'two-level game' that characterizes the policy-making in the post-crisis governance (Crum, 2018, pp. 273–274), between the national and the supranational levels of government, the problem of information asymmetry already faced by domestic parliaments is further worsened by the difficulty to place clear responsibilities for the decisions taken, even though the executives still remain the main interlocutors for legislatures. Taking stock of these problems and aiming to restore fiscal sustainability, EU legislative acts—and provisions of the *Fiscal Compact* (Article 3.2)—were introduced to make the setting up of national IFIs mandatory by the end of 2013 (*EU Directive 2011/85*). Great discretion is left to Member States as for the design, organisation, and powers of IFIs. Article 2 of *EU Regulation 473/2013*—applicable to eurozone

countries only—lists the basic features IFIs should have, including a statutory regime provided by law, independence from the budgetary authorities and public and private bodies, appointment of their members based on competence and expertise, access to information and adequate resources to fulfil their role, and a capacity to communicate publicly and in a timely manner.

Under Article 5 of this *Regulation*, IFIs shall ensure the compliance of the national budgetary processes with numerical fiscal rules incorporating Member States' medium-term objectives (MTO) and, in general, with the deficit and debt rules set out in the EU Treaties and legislation. 'Where appropriate,' they also provide public assessments with respect to national fiscal rules, and they evaluate whether there are conditions to activate the correction mechanism; if it is employed they also determine if the correction is proceeding in accordance with national rules and plans, as well as if any of the circumstances allowing the temporary deviation from the MTO have arisen or ceased. While nothing is added in EU law as for their relationship with parliaments, the latter could benefit from the information produced and the assessment published by IFIs in the budgetary domain.

This article focuses on the effects of the setting up and functioning of IFIs on parliamentary accountability, post-crisis. It seeks to answer the following research question: Has the creation of IFIs in the eurozone, in the framework of the post-crisis economic governance, indirectly contributed to enhancing parliamentary accountability at the national level? Indeed, it is hypothesized here that: 1) the reports, the opinions and the assessments published by IFIs, particularly if directly transmitted to the parliaments, can support their ability to hold the governments accountable; and that 2) the closer is an IFI to the parliament, the more the parliamentary scrutiny on the executive is likely to be strengthened. The article first investigates the complex relationship between parliamentary accountability and IFIs in the new economic governance. It then offers a comparative analysis of the contribution of the Irish Fiscal Advisory Council (IFAC), the Italian Parliamentary Budget Office (IPBO), and the Spanish Independent Authority for Fiscal Responsibility (AIReF) in relation to parliamentary accountability in the three domestic contexts. The article highlights that legislatures in the selected countries have exploited IFIs' activity only to a limited extent to enhance the scrutiny procedures of the executive and that such an outcome does not appear to be strongly influenced by the institutional positioning of the IFI.

## **2. Parliamentary Accountability and Independent Fiscal Institutions in the Post-Crisis Economic Governance**

Elaborating on Bovens' definition (2007, p. 447), in parliamentary systems parliamentary accountability refers to the relationship between an executive and a parliament, in which the executive has an obligation to explain and

justify its conduct; the parliament has the ability to pose questions and pass judgments; and the executive may face consequences, typically of a political nature, including forced resignation. As such, accountability is managed by parliaments by seeking to obtain information and explanations from the executive on its policies as well as by asking the government to adjust and correct its action, if needed, even by threatening to use or impose sanctions (Auel, 2007, p. 500; Woźniakowski et al., 2021).

The simple existence of IFIs may lead to an enhancement of parliamentary accountability given the two objectives they aim to pursue: to counter the deficit bias of the government and to re-balance the information asymmetry on budgetary issues (Beetsma & Debrun, 2016, pp. 4–9; Hagemann, 2011, p. 77; Tesche, 2019, pp. 1211–1212). Acting with a short-term perspective, one of electoral cycles to seek re-election, governments are typically keen to increase expenditure and reduce taxes to please the electors with immediate benefits, thereby expanding the deficit (Viney & Poole, 2019, pp. 444–447). Although this may not be the case in the so-called 'frugal' countries which are used to following tight fiscal discipline as the main direction of political economy, with little variation in relation to the government in office. The parliament and its majority can be more or less cooperative with the government to second the strategy of deficit spending. By providing an autonomous and authoritative public assessment of the executive's fiscal and budgetary policies, of their sustainability and long-term impact, in principle, the IFIs make it possible for the parliament and especially for the opposition to use their reports, briefings, and opinions as benchmarks with which the government's information can be checked; if need be, the reliability and desirability of the latter for the national political economy can be contested based on a technical, non-partisan, and expert account. The government may thus be prompted to take a different course of action and to revise its estimates, according to the IFI's position and following MPs' directions. The detection by an IFI of a violation of the deficit and debt rules may trigger a 'comply or explain' procedure, whereby the government is compelled to appear in front of the parliament to justify its choice, to adjust its position, or to explain why it does not intend to follow the IFI's advice (Fromage, 2017, p. 137–138).

Also, the second function fulfilled by IFIs, to tame the executive dominance over financial and economic information (Tesche, 2019, p. 1217; Viney & Poole, 2019, p. 447), can be instrumental to improving parliamentary scrutiny and accountability. As well known, Dicey's view on the centrality of the parliamentary scrutiny of the budget (Dicey, 1885/2013, pp. 171–175) has in reality long been outdated (Bateman, 2020, pp. 3–15; Ruiz Almendral, 2017, pp. 27–28). The quasi-monopoly of the information on the budget in the hands of the national Treasuries have traditionally made it difficult for the legislatures to gain accurate control of the government's estimates and to ground their assessment on independent

information, especially for parliaments devoid of a strong administrative apparatus. The situation is further worsened in the EU context and in the eurozone in particular, given that there are ‘too many executives’ to control in principle (Curtin, 2014, p. 4) and that the diluted responsibilities in economic governance decision-making do not help to foster streamlined and effective procedures of parliamentary control and scrutiny (Crum, 2018, p. 280). In contrast to this trend, the rise of IFIs at the domestic level, with the solid expertise of their members on economic and fiscal matters, could be used as independent and non-partisan benchmark for parliamentary debates, providing an autonomous assessment not just on the national fiscal and macroeconomic figures offered by the government, but also on the European fiscal stance.

Although the EU has followed a minimalist approach on the institutional configuration of IFIs, even in eurozone countries, the way EU law has been interpreted by the European Commission (hereafter, the Commission) hints at the fact that IFIs are conceived as enablers of parliamentary accountability as well as being independent watchdogs meant to contribute to fiscal sustainability. The Commission has repeatedly warned Member States against the threat of IFIs lacking independence and autonomy from the budgetary authorities. Overly close ties of an IFI with the executive have been criticised by the Commission not only in relation to authorities that were evidently ‘agents’ of the Government, such as the Polish Supreme Audit Office after 2015, but also concerning IFIs set up within the executive, even if they enjoyed a certain autonomy, such as in Belgium (European Commission, 2017, pp. 9–10). By the same token, the Commission has regularly recommended that Member States provide for ‘comply or explain’ procedures in parliament whenever the estimates, forecasts, and figures produced by the government do not reflect those of the IFI or are considered unrealistic by it (European Commission, 2012, point 7).

In the EU, most IFIs were established within the executive, though being functionally independent, or as stand-alone bodies. Their members are usually nominated by the government or the government is in charge of the final appointment (Closa et al., 2020, pp. 24–26). As long as they are equipped with independent staff and resources, sufficient to fulfil their tasks, with an autonomous mandate protected by law (regardless of whether it is enshrined in a statutory provision or in a governmental regulation), and they are granted access to information, the relationship of the IFIs with the executive is not problematic from the viewpoint of the independence from the budgetary authorities, according to the Commission. Yet, on the one hand, the relationship with the parliament is considered by Horvath (2018, pp. 511–513) as one of the seven indicators composing the IFIs’ “aggregate scrutiny effectiveness index,” next to the breadth of the mandate, financial resources, human resources, access to information, public awareness, and

reaction from government. This hints at the importance of contacts and exchanges between the IFIs and parliamentary bodies and MPs as the democratic place par excellence where fiscal choices are made. On the other hand, we may expect that the institutional positioning of an IFI can impact accountability procedures in parliament. Without this jeopardising their independence, IFIs that are hosted within parliamentary institutions, i.e., parliamentary budget offices, may be in a better position to enable the legislatures to fulfil enhanced scrutiny of the government than those set up within the executive, as stand-alone institutions, or are attached to the court of auditors and to a central bank. Of course, the IFIs’ institutional ‘embedding’ in terms of proximity to the parliament can vary depending on the appointment procedures, the frequency of the contact, especially if mandated by law, and on the consequences of the IFI’s activity on the government (e.g., how the ‘comply or explain’ procedure is activated and with which consequences for the legislature).

From this elaboration on parliamentary accountability and on the rationales for the setting up of IFIs, two guiding hypotheses can be derived. First, the technical and non-partisan information provided by the IFIs can enable the legislatures to pose better-informed questions and to pass more accurate judgments on the budgetary decisions taken by the government, thereby forcing the executive to publicly explain (as well as to parliament) any deviation from the IFI’s assessment, and if need be, to correct its action. Second, regarding the IFIs’ positioning, it can be expected that when such an institution takes the form of a parliamentary budget office, the collaboration between the IFI and the legislature can allow the Parliament to make the most of the information flow deriving from the IFI to control the government and to use the ‘comply or explain’ procedure as a further accountability tool compared to the case of a stand-alone fiscal council or an IFI established within the executive, with its looser relationship with the legislature.

### 3. Research Design

#### 3.1. Analytical Framework

To assess if and to what extent parliamentary accountability has been (positively) affected by the work of IFIs (first hypothesis) three main variables are to be assessed. First of all, the frequency and the issues covered by the hearings of IFIs’ members in parliament are investigated, treating hearings as a tool to get information on the fiscal soundness of the executive policies and for the legislature to develop an independent evaluation of the government’s performance. Indeed, these hearings can provide parliament with an invaluable and independent source of information to control and, if need be, challenge the government. This assessment is carried out comparing what the legislative provisions foresee with their implementation in practice as it can be that the legislatures

effectively use hearings of IFI's members to collect information or, instead, this tool is seldom activated.

Second, the absolute number of parliamentary questions and the number of questions citing or quoting IFIs' evidence are initially compared as a rough indicator of whether opinions, reports, and statements of fiscal councils are managed by MPs as (new) benchmarks to scrutinize the government, thereby prompting the executive to provide clarifications and explanations. Relatedly, to offer a more fine-grained analysis, an account of the number and topics covered by parliamentary questions citing the IFIs' assessment and the respective replies provided by the government to them is offered. This way it can be detected whether the IFI's activity is able to indirectly enrich the parliamentary debate on fiscal policies and target the potential deficiencies and pitfalls of the governmental choices, forcing the executive to take responsibility for them and better justify its decisions.

Third, the 'impact' of IFIs' assessment on parliamentary accountability is tested with regard to the design and practice of the 'comply or explain' procedure, whereby the government can be called to explain publicly why it intends to deviate from the IFI's recommendations and evaluation or if it is willing to conform. The procedure is established post-crisis in most eurozone countries and special consideration will be given to the direct involvement of the parliament in such a procedure (which may either trigger it or act as the forum in front of which the government has to explain its firm commitment to deviate from the IFI's position) and to the actual use of it, notably, whether the deviation goes unnoticed by the legislature and if the government prefers to comply or confirm its standpoint giving due justifications for that.

The influence of IFIs on parliamentary accountability can also vary depending on the type of legislature we look at. Parliamentary scholars have elaborated a number of typologies, for example, considering the main focus of their activity, debating or policy-making (Polsby, 1975); combining their institutional powers with the level of public support (Mezey, 1979, p. 23); or zooming into the category of the 'reactive' legislatures to rank their 'policy-influencing' capacity, based on their level of institutionalization, linked to the development of their internal organization and structure (Norton, 1990, pp. 143–152). Considering the budgetary powers of parliament specifically, it seems worth looking at Wehner's ranking of national legislatures for what concerns their ability to shape the budget (Wehner, 2010, pp. 45–48): Crucial factors in this respect are deemed to be formal and substantive amendment powers of the parliament; the consequences stemming from the parliamentary refusal to approve the budget by the end of the fiscal year; executive flexibility during the implementation of the budget; time for scrutiny; committee capacity; and access to budgetary information, which is linked to the prospective role of IFIs. Parliaments are then ranked in between the extreme of Westminster-style legislatures with very little influence on the budget to the opposite

end of the most influential budgetary authority, the US Congress (Wehner, 2010, pp. 60–63). Although in the EU and in the eurozone, in particular, the adoption of supranational fiscal rules and the operation of a common budgetary timeline has probably made national parliaments more comparable as budgetary authorities than they used to be—they act within similar overarching constraints—differences can still be detected in their ability to control the formation and the execution of the budget (Fasone, 2014, pp. 6–10; Markakis, 2020, pp. 130–141).

The strength of the budgetary powers of a legislature may be affected by the choice of the specific positioning of an IFI within or outside the parliament (second hypothesis). Indeed, if, according to Wehner (2010, pp. 50–51), access to budgetary information is one of the key variables determining the strength of a parliament as a budgetary authority, then the easier it is for a legislature to retrieve such information, the better. Without disregarding the requirement that IFIs be functionally autonomous, the frequency of contact and the regular collaboration between a legislature and a parliamentary budget office, in principle, makes this latter model of fiscal council be the one that is best suited to enhance information flow in favour of the Parliament, compared to a stand-alone fiscal council or to an IFI placed within the executive.

### 3.2. Case Selection

The contribution of IFIs to parliamentary accountability is assessed in three eurozone countries, Ireland, Italy, and Spain, countries which are (traditionally) associated with limited levels of compliance with EU deficit and debt rules and which were beset by serious financial troubles during the euro crisis. The choice is explained by the fact that only eurozone Member States are bound to apply stricter budgetary rules and to comply with *EU Regulation 473/2013* (by contrast, non-euro area countries have to establish IFIs, but are not expected to abide by the requirements in terms of institutional design and mandate as per the *'Two-Pack' Regulation*). Moreover, Ireland, Italy, and Spain were amongst the most affected countries during the debt crisis and they received either financial assistance (Ireland and Spain) or support (Italy). Thus, not only were they probably interested in re-gaining fiscal sustainability and financial credibility—which IFIs are expected to support (Bertelsmann, 2013, pp. 75–76)—but also their parliaments had been significantly marginalised in the adoption of euro-crisis measures (Moschella, 2017, pp. 253–257). Therefore, the same legislatures could have seen the newly established IFIs, set up between 2012–2014, as allies to strengthen parliamentary accountability.

According to the SIFI index developed by the Commission to measure the independence and scope of action of IFIs in the EU, the IFAC, the IPBO, and the

AIReF are amongst the most independent fiscal institutions from the budgetary authorities in the euro area (Closa et al., 2020, pp. 33–34; European Commission, 2021). In addition to this, based on the roles that can be assigned to them, the Irish, the Italian, and the Spanish IFIs are also amongst the EU IFIs equipped with the broadest mandate (Closa et al., 2020, pp. 37–38; Jankovics & Sherwood, 2017, p. 15).

The three IFIs, however, are rather different regarding their institutional ‘embedding.’ The IPBO is a collegial body placed within the parliament and has strong ties to the legislature, both in the appointment process and in its functioning (*Law no. 243/2012*, Article 16, para 2). The AIReF is a monocratic body placed at the Ministry of Budget and Public Administration though enjoying organisational and functional autonomy from the executive (*Ley Organica 6/2013*, Articles 1 and 7). Finally, the IFAC is a stand-alone collegial IFI (Irish Parliament, 2012, Part 3), a ‘child of the crisis,’ which Ireland was demanded to establish in the memorandum of understanding so that it could benefit from the rescue programme in 2011 (Closa et al., 2020, p. 17).

The budgetary powers of the three legislatures, not by chance, are rather different. While the Irish Parliament resembles the Westminster model of a legislature with a very marginal influence on the budget (Maatsch, 2017, p. 697), the Italian Parliament has traditionally shown a remarkable ‘transformative capacity’ over the budget, also thanks to its strong committee system, though remaining rather weak in the ex-post-control over the budget (Griglio, 2020, pp. 209–210). The Spanish Parliament stands somewhat in between the two, getting closer to the Italian legislature regarding committee capacity and ability to shape the content of the budget, but leaning toward the Irish Parliament regarding its limited access to budgetary information (Wehner, 2010, pp. 60–63), at least prior to the setting up of the AIReF.

The differences in these IFIs’ relationship with the parliament are patent already in the appointment process. The three members of the IPBO are appointed by agreement between the Presidents of the Senate and of the Chamber of Deputies and are chosen from a list of 10 candidates prepared by the standing committees competent on public finance, each one deciding by two-thirds majority. In contrast, the involvement of the Spanish Parliament in the appointment of the AIReF’s President is more limited. The President is appointed by the Council of Ministers, upon proposal by the Minister of the Budget and of Public Administration. The Committee on the Budget of the Spanish Congress then invites the appointee for hearings and votes, on behalf of the Congress and by absolute majority, for its appointment. Thus, although this has never happened so far, the Congress could reject the appointee. Unlike the other two cases, there is no involvement of the Parliament in the appointment of the five IFAC’s members by the Minister of Finance, but they can be removed

from office for misconduct by the lower house, the *Dáil Éireann*.

The significant differences in the institutional positioning of the three IFIs, which otherwise show similar features concerning their level of independence and the breadth of mandate, allows one to assess whether such a diverse institutional configuration affects the IFIs’ contribution to enhancing parliamentary accountability.

The timespan covered by the analysis refers to the last two years (2019–2020), so as to include the parliamentary activities before and after the Covid-19 outbreak; to consider the change in the membership of the IFAC (both in 2019 and 2020) and the AIReF (in 2020); change in the composition of the governments in Ireland (from a minority government led by Fine Gael to a majority coalition government between Fianna Fáil, Fine Gael, and the Greens since 2020); in Italy (with the shift since September 2019 from a coalition government between the 5SM and Lega to a coalition between the 5SM, the Democratic Party, and other minor centre-left political allies); and in Spain, which experienced two national elections in 2019 (with the PSOE leading a minority government in crisis first and then a coalition government with Podemos). Given the confidence relationship in place, the investigation is limited to lower houses, the *Dáil Éireann*, the Italian Chamber of Deputies, and the Spanish Congress.

The research was carried out through a textual analysis of primary sources, i.e., reports, opinions, and recommendations issued by the IFIs, transcripts of parliamentary hearings and of debates, both in committee and in plenary, the texts of parliamentary questions, and the governmental responses, retrieved on the websites and the databases on the parliaments selected. Moreover, the investigation is complemented by the findings extracted from secondary sources, ranging from the relevant literature to the databases and reports on the IFIs curated by the Commission and the OECD.

#### **4. Parliamentary Accountability at Work via Independent Fiscal Institutions**

##### *4.1. Parliamentary Hearings*

The legislation in the three countries makes it compulsory for the IFIs to appear in front of the parliament, under certain conditions. Article 11, para 2, of the Schedule annexed to the *Irish Fiscal Responsibility Act 2012* requires the IFAC chairperson to be heard in front of the committees about the activity of the IFI whenever requested to do so by these parliamentary bodies. Article 24, para 8, of the *Ley Organica 6/2013* states that the AIReF’s President shall appear in front of the competent parliamentary committees at least once a year. More detailed is Article 18 of Italian *law no. 243/2012* according to which the President of the IPBO is to be heard by the parliamentary committees dealing with public finance at their request and to present them with

the annual programme of the IFI's activities. Moreover, the IPBO drafts opinions and reports for the parliamentary committees on their demand.

In practice, the appearance of the IFAC's members in front of the *Dáil Éireann's* committees has not been very frequent and this has triggered a debate on whether it might have been appropriate to move the IFIs closer to or even inside the Parliament (Downes & Nicol, 2016, p. 69). In the end, the IFAC's position has not been changed, but in 2018 the Irish legislature—in particular its select committee on budgetary oversight—was equipped with a parliamentary budget office, which being part of the Oireachtas' administration, is not considered an IFI under EU law by the Commission (though appearing in the IFIs' OECD database). Hearings of the IFAC's members and staff are organised by the select committee on budgetary oversight on average three times per year, for the pre-budget report; during the budget process; and at the year's end, in preparation of the new fiscal year. This is what also happened in 2019, while in 2020 IFAC's representatives were heard just once, on 16 June 2020, by the special committee on the response to the Covid-19 pandemic to evaluate the aptness of the governmental recovery policies to react to the pandemic. From the verbatim reports of the hearings, a very cautious approach of the IFAC's members in answering the questions posed by MPs can be detected. Recalling that the IFAC's mandate allows it to comment only on the overall fiscal stance and not to express its view on specific tax measures, spending items, or priorities, the Irish IFI tried to show self-restraint whenever the debate in the committee aimed somewhat to 'politicise' the IFAC's position expressed in reports and opinions.

The frequency of the hearings is certainly not higher in Spain. Also due to the elections held in 2019, the then President of the AIREF, José Luis Escrivá, was only heard on 29 January, to present the IFI's report on the budget law for 2019, compared to the 2–3 parliamentary hearings that had been organized every year until then. In 2020, the new AIREF's President, Cristina Herrero, who took office in March, was heard three times: on 4 June 2020, in front of the Budget Committee on the use of the escape clause and the deviation from the MTO by the Government (which require the approval by the two Houses of the Cortes by absolute majority and the endorsement by AIREF) which she supported; on 16 June, by the Committee for the social and economic recovery, on the governmental strategy to counter the Covid-19 crisis; and on 5 November, in front of the Committee on revenues for an assessment of the budget bill for 2021. Despite the modest number of hearings that had taken place, in 2020 only there were 12 requests by MPs (compared to 23 issued over the period 2016–2019) to organise such hearings, plus a request by the Committee for the social and economic recovery to AIREF to draft a report on the post-pandemic economic situation and potential ways out: A sign that in the Spanish Parliament the information provided by the

AIREF is perceived as an important tool with which to scrutinize the executive.

Compared to the IFAC and the AIREF, the appearance of the IPBO's President in the Chamber of Deputies is much more frequent and systematic. He was heard in front of the Budget Committee of the Chamber (although this is usually a joint hearing by the Budget Committees of the two Houses) 9 times in 2019 and 11 times in 2020. Besides the occasion of the presentation of the IFI's annual work programme, the hearings were the opportunity for an in-depth analysis by MPs of the strengths and weaknesses of the *Document of Economics and Finance* (which also includes the *Stability Programme* and the *National Reform Programme*), of its revision during the year, and of the repeated requests and related governmental reports seeking the parliamentary authorisation to deviate from the MTO (as in Spain, the approval is to be voted by an absolute majority in each House).

#### 4.2. Parliamentary Questions

From time to time the reports, projections, and recommendations of the three IFIs are cited or quoted in parliamentary questions to the government (oral and written, in committee, and in plenary), to seek explanations and justification for its action.

Looking just at the numbers may appear misleading. It is much more interesting to consider how the citation of the IFIs' reports and recommendations has affected the 'dialogue' between MPs and the government through the questions. In Spain, following what was said on the hearings, it is confirmed that the questions citing the IFIs' evidence to obtain clarifications from the Government came exclusively from opposition members. For example, in the written question No. 184/19573 of 24 July 2020, MPs from the group VOX asked whether the Executive intended to take any action as a follow-up to the AIREF's spending review report on the governmental program. In response, the Government engaged with the explanation of the methodology used in that report, considered that the AIREF had not properly appreciated the outcomes of the 2013 reform to the said program, and it also provided clear indications on how it had tried to implement the critical observations of the IFI. A series of questions (184/19444, 184/19465, 184/19468, 184/19473 of 23 July 2020) with similar contents were addressed by MPs from Partido Popular, Ciudadanos, and VOX on the measures the Executive was willing to adopt following the AIREF's recommendations on the execution of the budget in 2020. The Government thus explained its plans for the medium-term national fiscal strategy to ensure financial sustainability, the adaptations needed for the *Stability* and *National Reform Programmes* for 2020, and the importance to adopt the *Investment and Reform Plan* as soon as possible so as to be able to take advantage of EU funds.

Both in Ireland and Italy, parliamentary questions drawing on IFIs' evidence are predominantly asked by

**Table 1.** Citations of IFIs in parliamentary questions.

	Irish <i>Dáil Éireann</i>	Italian Chamber of Deputies	Spanish Congress
Total number of questions (2019–2020)	19,720	16,325	31,178
Number of questions where the evidence provided by the IFI are cited	52	8	28

members of opposition groups, though not exclusively. The questions asked by Irish MPs ranged from requests for clarifications regarding the precise nature of the relationship between the Minister of Finance and the IFAC (whether the latter cooperates with the Minister and how it can provide guidance; see question 49136/18 by deputy Michael Moynihan, Fianna Fáil, in 2019) to the Government's compliance with the IFAC's critical review. For instance, on 26 September 2019, Deputy Thomas P. Broughan (Independent) asked how the Government would have responded to the IFAC's criticism regarding the lack of credibility of the medium-term plan for the 2020 budget. The Minister of Finance, Paschal Donohoe, explained the reasons for the disagreement with the IFAC, linked to the expenditures' ceilings, and defended the executive's projections of the expenditures' growth rate for the period 2020–2024. On 29 September 2020, Deputy Richard Bruton (Fine Gael) and Deputy Gerald Nash (Labour Party) asked two similar questions to the Minister of Finance about the governmental position on the IFAC's advice on the future budget, in particular on the additional stimulus that needs to be added. These oral questions triggered a well-informed and respectful discussion between the Minister and the two Deputies (one from the majority and one for the opposition) on the spending priorities to be foreseen in light of the pandemic and of Brexit. In these circumstances, it appears that the background information and assessment provided by the IFAC enhanced the quality of the parliamentary debate and let MPs discuss the complex economic and financial developments with greater precision.

In the Italian Chamber of Deputies such a level of debate, triggered by the IPBO's observations, has not characterised the question time in the period considered. On some occasions, the findings presented in the reports of the IPBO were used by the MPs to ask oral or written questions to the Executive, alongside similar data provided by other independent authorities or public administrations (see, e.g., A.C. oral question no. 3-00537 tabled on 19 February 2019 by deputies for the Democratic Party, then in opposition; and A.C. written question no. 4-06635 tabled on 30 August 2020 by deputies of the 5SM). In the few cases where parliamentary questions did cite the IPBO's position, the IFI's assessment was used as the basis to ask the executive for clarifications. For example, the oral question no. 3-00920, put forward on 30 July 2019 by deputies from the Five Star Movement to the then Minister of Finance, Giovanni Tria, relied on the projections of the IPBO to look for information about the governmental measures planned to contain the negative

effects of the passive interest rates on the public debt for the period 2020–2021. Likewise, on 22 October 2020, oral question no. 3-01834, presented by opposition MPs from Forza Italia quoted the IPBO's critical assessment of the forecasts for the period 2022–2023, asking the Government to clarify how it intended to mitigate the uncertainty linked to the financing (according to the draft budgetary plan for 2021) of a significant part of the 2022 and 2023 budgets through fiscal feedback whose final volume was hard to predict.

### 4.3. The 'Comply or Explain' Procedures

A potential 'enabler' of parliamentary accountability through the use of IFIs' reports and opinions is the 'comply or explain' procedure, also recommended by the Commission. The procedure is foreseen in the three countries but with a different level of involvement of the legislature and is variously applied in practice. In Italy, the 'comply or explain' procedure is triggered by Parliament: When the IPBO expresses an assessment that significantly deviates from that of the executive, at least one-third of the members of the committee dealing with public finance can ask the Government to explain the reasons why it wishes to confirm its position or, instead, it can adjust it to the IPBO's recommendations (*Law no. 243/2012*, Article 18, para 3).

In Ireland, if the Government "does not accept an assessment of the Fiscal Council" in relations to any matters under its jurisdiction, the Minister shall "prepare and lay before *Dáil Éireann* a statement of the Government's reasons for not accepting it" within two months of being given a copy of this evaluation (Irish Parliament, 2012, Article 8, para 6). In Spain, however, the 'comply or explain' procedure does not foresee the participation of the Parliament. The AIReF delivers recommendations to all public administrations, including to the regional and local authorities. If the targeted administration, for example, the Government or one of its Ministries, does not intend to comply, then it needs to publicly explain its reasons (*Ley organica 6/2013*, Article 5). The AIReF publishes a report collecting the recommendations and all the responses from the public administrations every quarter. The recommendations are addressed both to the substance of the measures adopted and, most of all, to problems of transparency of the administration concerned (Kasperskaya & Xifré, 2018, pp. 65–69). In particular, the majority of them typically deal with difficulties faced by the AIReF in accessing information and data requested from the administration, including to the

Government (OECD, 2018), who in the past had tried to act as a filter between the administration and the AIReF (Fromage, 2017, p. 133). The AIReF's reports of the last two years show that the situation has substantially improved. Although some explanations by the executive still remain elusive and vague, the Government is more responsive and committed to following the IFI's recommendations. For example, in the AIReF's report on the third trimester published on 26 November 2020, of the five recommendations issued during the previous months, four of them had been already implemented by the Government or were in the process of being implemented. This notwithstanding, the Parliament is not involved in the procedure: Some of the AIReF's recommendations are discussed during the hearings of the President and, occasionally, the Government is challenged on the matter when relevant parliamentary questions are asked or during plenary debates, but the 'comply or explain' process occurs outside the Parliament.

The situation is different in Ireland and Italy, where the starting of a 'comply or explain' procedure is not a frequent event. The IFAC has repeatedly challenged the reliability of the figures and the forecasts provided by the Government in the past (European Fiscal Board, 2017, p. 35). Although the Executive has not always responded to the IFI's criticism nor has it always adjusted its proposals to it, in 2016 its negative opinions on the governmental projections for deficit and debt, defined as unrealistic (in the *Fiscal Assessment Reports* of November 2015 and 2016), triggered an ad hoc debate with the Government in the Parliament and the subsequent re-adaptation of the projections for the budget of 2017. The procedure has not been formally triggered since then, although the Government regularly responds to the IFAC's reports and on a number of occasions the Executive has de facto engaged in the Parliament to justify the divergence in its position with the IFAC: In 2019 and 2020 during the question time, in hearings or parliamentary debates, and in a few cases it has been also asked by MPs for its responses.

In Italy, the IPBO has very often 'challenged' the overly optimistic forecasts of the Government on which the budget was modelled compared to the macroeconomic situation. The 'comply or explain' procedure was activated by the budget committees of the Italian Parliament just once in 2016, as well as on another occasion, in 2018, when the IPBO explicitly objected to the governmental fiscal policy. In 2016, it validated the macroeconomic and budgetary forecasts for 2017 with a series of critical observations. In the framework of a parliamentary hearing, the IPBO President explained the reasons for such a position and, following these concerns, the Ministry of Finance subsequently revised the forecasts. In 2019 and 2020, there was no lack of critical opinions from the IPBO, especially during the budget session for 2020, but the opposition groups did not use the procedure under Article 18 of *Law no. 243/2012*.

To sum up, the 'comply or explain' procedure toward the Government has been regularly used in Spain, where

the Parliament is not directly involved. By contrast, in Ireland and Italy where parliamentary participation in the process is guaranteed, it has been seldom activated.

## 5. Conclusions

The Irish, the Italian, and the Spanish parliaments have started to make use of reports and opinions produced by the respective IFIs since their setting up. The latter have indirectly contributed to reducing the information asymmetry vis-à-vis the governments. Thus, dealing with the first research hypothesis, the IFIs' activity has significantly enhanced the access of the three legislatures (the lower chambers, in particular, which have been the targets of the empirical analysis) to budgetary information, indirectly improving their scrutiny capacity. However, no significant advancement can be detected, as a consequence of the fiscal councils' operation, in the ability and willingness of these chambers to pass judgments of the executive's fiscal policy and to prompt the government to justify or correct its conduct. As such, a trend can be detected in the three systems under review: It does not appear that there is a clear relationship between the strength of the budgetary powers of these legislatures however affected they have been by the reform of the European economic governance, and the prospective benefits fiscal councils have for enhancing parliamentary accountability.

Moving on to assess the second hypothesis, the institutional positioning of IFIs, within or outside the parliament, has implications on the overall volume and frequency of hearings of the IFI's members in front of parliamentary committees. This positioning was much higher with regard to the IPBO than was the case for the stand-alone IFAC and the AIReF which was established within the executive. Yet the number of parliamentary questions citing the evidence provided by the IPBO to control the government is quite limited, as it is in the Irish and in the Spanish contexts. In the three legislatures, the opposition MPs have been keener than the majority members, especially during the pandemic year, to use IFIs reports and opinions to hold the government accountable.

The 'comply or explain' procedure, despite being strongly recommended by the Commission, has been marginally exploited by the legislatures (including by opposition groups) regardless of the IFI's institutional positioning. In Ireland and Italy the 'comply or explain' procedure, which in both cases foresees the involvement of the parliament, was not enforced in 2019–2020 nor did the government promptly adjust itself to the IFIs' positions. By contrast, in Spain, the publication by AIReF of all its recommendations to the Government and the public administrations as well as their follow-up has improved accountability of the Executive even though the Parliament simply receives the AIReF reports and does not play a role in the activation of the 'comply or explain' procedure.

To conclude, the three legislatures have exploited the activity of the IFIs to better hold the government into account only to a limited extent, in particular, to ask for justifications or for the corrections of its fiscal and budgetary policy. Based on the case studies examined, the institutional proximity and the regular contact of the IFI (however independent and functionally autonomous) with the parliament do not seem decisive for the strengthening of parliamentary accountability procedures. Despite the fiscal councils' similar powers, no major differences could be detected in this regard between the influence of the AIREF, the IFI with the loosest direct contact with the legislature, the IPBO, and the IFAC somewhat placed in between. Nor do the budgetary powers with which a legislature is equipped appear to determine the way in which parliaments 'make use' of the fiscal councils.

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The author declares no conflict of interest.

### Supplementary Material

Supplementary material for this article is available online in the format provided by the author (unedited).

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Article

## Accountability Revisited: Parliamentary Perspectives on the Inter-Parliamentary Conference on Stability, Economic Coordination, and Governance

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### Abstract

This article aims to verify whether, and to what extent, the Inter-Parliamentary Conference on Stability, Economic Coordination and Governance (IPC SECG) has become an accountability enhancing arena through which domestic legislatures can better scrutinize the process of the European Semester. While there is a broad scholarship on the difficult institutionalization of the IPC SECG and controversies related to its operation, little has been said about its actual performance as an accountability enhancing platform, especially in the context of domestic interactions between parliaments and executives in the area of economic governance. Despite it being operational for several years, the scholarship lacks focus on the national parliaments' perspective with regard to this Conference's effectiveness. Against this background, drawing from comparative data obtained from questionnaires and interviews, this article addresses the above-mentioned aspects from an actor-oriented approach and delves deeper into parliamentary perceptions of the SECG Conference. Findings indicate that attendance at the SECG Conference by MPs has neither significantly affected their domestic parliamentary activity in the area of economic governance and budgetary policy, nor improved the existing domestic legislative-executive relationship in this context. The Conference's procedural weaknesses are only one part of the problem, another being the marginalized domestic position of parliaments in the European Semester procedure.

### Keywords

accountability; European Semester; European Union; inter-parliamentary conferences; national parliaments

### Issue

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### 1. Introduction

The emergence of a series of measures designed to tighten fiscal governance and national budgeting rules across EU Member States as a result of the economic and financial crises of 2008–2012 has undermined to some extent (Fasone, 2015), the basic powers of national parliaments—their prerogative to control the domestic budgetary process and to represent their constituents' interests during the coordination of economic policies (Crum, 2018; Jancic, 2017; Maatsch & Cooper, 2017). As explained in the Introduction to this issue (Woźniakowski et al., 2021), one example of such a measure is the procedure of the European Semester in which

Member States adjust their budgetary and economic policies to the objectives and principles established at the EU level. Although the Semester has not formally limited the budgetary powers of national parliaments, it has done so indirectly. First, the specific sequencing of the procedure has put pressure on national executives to deliver fast-track responses which has limited the time available for a genuine parliamentary debate. Second, the decision-making formula involving the exchange of a series of recommendations, guidelines, and reports between the Commission, the Council, and the Member States has made it difficult to locate the political source of responsibility for specific decisions. Third, the Commission has been given the opportunity

to sanction Member States more easily: If national governments fail to comply with Commission's fiscal recommendations, it may impose a financial penalty on them. According to the procedure of reverse qualified majority, the penalty imposed on a state is automatically accepted unless the EU Council rejects it by a majority vote.

Such state of affairs raises questions of democratic accountability of the EU economic governance in light of national parliaments retaining responsibility for adopting national budgets, setting taxation policies, and determining socio-economic priorities. In this context, the creation in 2013 of the Interparliamentary Conference on Stability, Economic Coordination and Governance (IPC SECG) was supposed to strengthen parliamentary oversight in a field increasingly dominated by inter-governmentalism (Lupo & Griglio, 2018) and to reduce (at least to some extent) the information- and control-related asymmetries that have emerged, on the one hand, between governments directly participating in EU policy-making and MPs at home (cf. Kreilinger, 2018), and, on the other, between the European Parliament (EP) and the EU executive. In this vein, the setting-up of IPC SECG, legally prompted by Article 13 of the Treaty on Stability, Coordination, and Governance, can be therefore viewed as a sort of compensation for the objective loss of parliamentary control over the swiftly Europeanized area of economic and fiscal governance: principally as a platform for monitoring the European Semester (cf. Lupo & Griglio, 2018, p. 364).

Yet, literature to date reveals a mixed picture as to this IPC's capacity to enhance oversight and accountability of EU economic governance. Already in 2016, Fromage expressed skepticism as to its long-term effectiveness as a place to ensure democratic accountability, pointing to the varying levels of attendance, questions of euro ins' and outs' membership as well as the competitive relationship between national parliaments and the EP. From a comparative perspective, Cooper (2019, p. 147) has argued that out of the three IPCs functioning in the EU realm—i.e., COSAC, IPC for Common Foreign and Security Policy and the Common Security and Defense Policy (CFSP-CSDP), and IPC SECG—the latter is actually the weakest in terms of its capacity to act as an oversight body. In a more optimistic tone, however, Kreilinger (2018, p. 274) has held that:

If assessed by the objective set in its Rules of Procedure, according to which the IPC SECG “shall provide a framework for debate and exchange of information and best practices” and “contribute to ensuring democratic accountability in the area of economic governance and budgetary policy in the EU, particularly in the EMU” then the Conference actually does what it is supposed to do.

At the same time, Lupo and Griglio (2018, p. 369) have proposed conceptualizing the IPC SECG as “an instrumental dimension that could help... the EP and

national parliaments to strengthen their oversight capacity, in their respective sphere of action” and postulated that this Conference “should be brought back to traditional circuits of democratic accountability, respectively linking the European executive, as a whole, to the EP and each national government to its national parliament” (p. 367).

Against this background, this article's goal is to contribute to the debate on whether the IPC SECG has indeed become an accountability enhancing arena in EU economic governance and budgetary policies by focusing on the domestic oversight dimension. By applying the ‘dual’—as opposed to ‘joint’—scrutiny logic to study the IPCs (Cooper, 2019, pp. 145–146), this article probes whether, after over five years of operational experience (i.e., after adopting its Rules of Procedure), this IPC does in fact enhance the capacity of domestic legislatures to better scrutinize and control their executives in the process of the European Semester. By doing so, it casts light on whether IPC SECG attendance by MPs has had any impact on the existing domestic legislative-executive relationship. Since the literature to date lacks focus on national parliaments' perspective with regard to this IPC's purpose and effectiveness, this research offers an actor-oriented approach and delves deeper into the parliamentary experience, perceptions, and motivations behind attending this forum. This is achieved by drawing from original data obtained through interviews, questionnaires, and institutional documents.

This article is structured as follows: Based on existing literature and documents review, the next section lays down the analytical underpinnings of the undertaken query, problematizes the connection between inter-parliamentary cooperation and democratic accountability in the case of the IPC SECG and presents the research expectations. The two following sections verify empirically how national parliaments perceive and evaluate this IPC. Section 3 presents findings related to parliamentary perceptions of the IPC SECG from a cross-country questionnaire. Section 4 provides a more in-depth, comparative case study of the IPC SECG-related experience of the French and Polish parliaments—thus offering a more nuanced perspective of a Euro and non-Euro area country.

## **2. The Problematic Purpose of the IPC SECG in the Context of Inter-Parliamentary Cooperation**

Some scholars identify inter-parliamentary cooperation as a potential remedy to the weaknesses of democratic accountability in the EU, arguing that it can be an added value in strengthening parliamentary scrutiny of EU affairs (Wouters & Raube, 2012). In this perspective, inter-parliamentary cooperation has been described as a “weapon of the weak” (Crum & Fossum, 2013) vis-à-vis executive actors and a kind of a “‘third way’ for democratic participation and legitimacy within the Union” between, on the one hand, the increase of the

powers of the EP and, on the other, the direct inclusion of national parliaments in the EU policy-making (Manzella, 2012, p.38). Inter-parliamentary cooperation has also become a component of theoretical conceptualizations capturing the EU-oriented transnational activity of national parliaments such as the “multi-level parliamentary field” (Crum & Fossum, 2009, p. 249) or, more recently, the “multi-arena playing field” (Auel & Neuhold, 2017, p. 1551). The latter views parliaments as ‘multi-arena players’ able to take on multiple roles and represent citizens at different fora, as well as those beyond the domestic realm. The novelty of this concept lies in the notion of ‘playerness’—as a metaphor of agency— which equips national parliaments with the capability to exert influence over the course of the European game (cf. Borońska-Hryniewiecka, 2020).

The problematic nature of IPCs as a component of ‘multi-arena playing field’ lies in the fact that contrary to arenas such as scrutiny of national governments, the Early Warning Mechanism for subsidiarity control, or the Political Dialogue with the European Commission, IPCs do not provide an explicit channel of influence on, or control over, the EU policy-making process but rather serve as platforms of dialogue and information exchange (see, for an overview, Fasone & Lupo, 2016). It is through these parliamentary activities—rather than their direct impact—that IPCs endow parliaments with additional resources to exert influence over EU affairs. In this sense, Cooper (2016, 2017) argues that IPCs such as COSAC or the IPC CFSP-CSDP allow legislatures to better perform their control functions vis-à-vis EU institutions, as well as national governments’ conduct of EU affairs. Other scholars also agree that IPCs’ leverage lies in strengthening the capacity of parliaments to fulfil their oversight function over the executives, thus improving the democratic legitimacy of the EU (Wouters & Raube, 2012). Another problematic issue is whether IPCs (should) have a legitimate role in the direct control of the EU executive, thus acting as collective ‘oversight bodies’ together with the EP, or whether they (should) rather enhance individual capacities of the participating legislatures to hold their respective executives accountable (cf. Cooper, 2019). In this respect, Fromage (2018, pp. 14–15) observes that:

Although IPCs should not serve to hold the Commission or any other body to account, they perform their function more modestly, by allowing for the exchange of information and best practices among parliaments which national parliaments and the EP will, in turn, be able to use individually in their domestic scrutiny exercise.

Certain novelty in this context was an introduction in 2017 of a new type of IPC, namely the Joint Parliamentary Scrutiny Group of Europol which—unlike the other two Conferences—has been endowed with a formal mandate to exercise joint scrutiny of an EU agency (for more on this see Cooper, 2018).

Parliamentary expectations regarding the purpose of the IPC SECG were already contradictory at the stage of its institutionalization. While the French and Lithuanian parliaments proposed that the IPC should exercise an oversight function with respect to EU economic and fiscal policy, the German Bundestag and EP envisaged it as a mere discussion forum, possibly enabling national parliaments to scrutinize one another’s economic and budgetary plans (Cooper, 2016). The final version of the SECG IPC Rules of Procedure agreed in Luxembourg in 2015 represents some sort of compromise between these contrasting positions by stating that the body:

Shall provide a framework for debate and exchange of information and best practices in implementing the provisions of the Treaty on Stability, Coordination, and Governance in order to strengthen cooperation between national parliaments and the EP and contribute to ensuring democratic accountability in the area of economic governance and budgetary policy in the EU. (German Bundestag, 2015)

From a formal point of view, it is therefore neither a strictly supervisory body nor a mere discussion forum. Yet, unlike in the case of COSAC or the IPC CFSP-CSDP, this IPC’s formal standing explicitly refers to the accountability relationship (cf. Fromage, 2018). Moreover, in a broader institutional framework, the Regulation 1175/2011 forming part of the so-called Six-Pack, which complements the IPC-related provision of Art. 13 of the Treaty on Stability, Coordination, and Governance, states that national parliaments “should be duly involved in the European Semester—in the preparation of stability and convergence programs as well as national reform programs (NRP)—in order to increase the transparency and ownership of, and accountability for, the decisions taken.” In other words, formal provisions for parliamentary involvement in the post-crisis EU governance architecture assume that inter-parliamentary cooperation should constitute an accountability enhancing element in the areas of economic and fiscal policies.

### *2.1. Theoretical Expectations*

In line with the principal-agent theory applied to study legislative-executive relations (inter alia Strøm, 2000), national parliaments—as principals—should have the right to demand information from the governments (as agents), influence their decisions and, if necessary, impose sanctions. There is also agreement in the literature that one of the most important reasons for losing control over an agent is information asymmetry in favour of the agent (Kiewiet & McCubbins, 1991; Lupia, 2003). As observed by, inter alia, Benz (2001), in the area of European affairs, there is a much higher level of information asymmetry between the government and the parliament than in most areas of national policy, which

significantly limits the ability to exercise supervision and enforce control. The abovementioned specificity of the decision-making within the European Semester and the privileged position of executive actors makes it even more difficult for national parliaments to obtain independent information and appropriate expertise to properly assess the validity of their governments' policy. Against this background, the setting up of the IPC SECG was supposed to compensate for the aforementioned asymmetry and loss of parliamentary control over the area of economic governance and budgetary policy in the EU (cf. Lupo & Griglio, 2018, p. 364).

While the Rules of Procedure of IPC SECG are not clear as to how this democratic accountability should be achieved—whether by providing a joint oversight body or by enhancing the NP's and EP's respective capacities to exercise control of their executives—this article follows the 'dual scrutiny' model described by Cooper (2019) where national parliaments perform their democratic function on an individual basis within their respective national contexts. It, therefore, assumes that even if the IPC SECG functions (only) as a 'discussion forum,' the exchange of information and best practices within its remit should help national legislatures carry out their respective oversight functions vis-à-vis their own governments (cf. Cooper, 2019). Taking into account that Art. 3 of the IPC's Rules of Procedure states that it shall convene at least twice a year, in coordination with the cycle of the European Semester, it is further expected that parliamentary participation in this IPC should specifically contribute to better oversight of the Semester procedures.

Considering that executive accountability vis-à-vis the parliament can be achieved only through appropriate scrutiny (exercised by information provision) that ultimately entails parliamentary sanctions on the executive (i.e., by use of a parliamentary prerogative to reject the budget), it is assumed, in line with Fromage (2018, pp. 14–15), that the exchange of information and best practices envisaged in the Rules of Procedure should, in effect, enhance parliamentary control over domestic executive decisions and activities within the European Semester. The remainder of this article attempts to verify whether this is the case.

### 3. Parliamentary Perceptions of the IPC SECG: A Cross-Country Overview

This section presents findings on parliamentary perceptions of the IPC SECG from a questionnaire conducted by the author among parliamentary chambers of EU member states between June and July 2019. The survey, whose general purpose was to address the question of whether national parliaments are 'multi-arena players' in the EU, included a section related to IPCs. The questions inquired about parliaments' motivations to participate in particular IPCs (including IPC SECG) as well as about their evaluation of their effectiveness as tools for enhancing parliamentary scrutiny of and influence on EU affairs. The survey was sent by email to all 39 EU national parliamentary chambers (excluding the British Houses of Parliaments) and generated 25 responses (response rate: 64%). It was addressed by the heads of EU affairs commissions' secretariats (Table 1).

Out of the 25 parliamentary chambers that responded to the survey, the highest number indicated that the main motivation behind attending the IPC SECG is the exchange of views and best practices (11) as well as networking with other national parliaments and/or representatives of EU institutions (9). Several chambers also pointed to other motives such as being able to voice their opinions at the transnational level (2) or the ability to build common parliamentary initiatives (2). These responses resonate with parliamentary feedback published in the 32nd COSAC Biannual report (2019), where the majority of national chambers also pointed to networking and exchange of views as the main contribution of inter-parliamentary cooperation to the good functioning of the EU. In my questionnaire, only one chamber linked participation in the IPC SECG to the accountability-enhancing function. In this context, the Hungarian representative stated that it allows national parliaments to exercise "oversight rights at the national level with respect to national governments, and at European level, with regard to European decision-making."

In terms of the effectiveness of this IPC as a platform through which national parliaments can play a more meaningful role in EU affairs, nine chambers assessed it as rather ineffective (Tweede Kaamer; Vouli ton Ellinon; Eduskunta; Saeima, Assemblée Nationale and Senát,

**Table 1.** Parliamentary chambers who addressed the questionnaire.

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Name of parliamentary chamber

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Austrian Nationalrat and Bundesrat; Belgian Chambre des représentants and Senat; Bulgarian Narodno Sabranie; Cypriot Vouli ton Antiprosopon; Czech Poslanecká sněmovna and Senat; Danish Folketing; Dutch Eerste and Tweede Kaamer; Finnish Eduskunta; French Assemblée Nationale and Senat; German Bundesrat; Greek Vouli ton Ellinon; Hungarian Országgyűlés; Italian Camera dei Deputati and Senato; Latvian Saeima; Polish Sejm and Senat; Portuguese Assembleia da República, Slovak Narodna Rada and Swedish Riksdag.

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Note: The responses are not only representative geographically, but also in terms of the formal parliamentary strength in EU affairs, representing the strong chambers (Folketing, Eduskunta, Tweede Kaamer or Riksdag), moderately strong ones (Sejm, Poslanecká sněmovna or Assemblée Nationale) as well as weak parliaments (Assembleia da República, Vouli ton Ellinon or Chambre des représentants).

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Poslanecká sněmovna and Senat, Polish Senat). In this respect, representative of the Assemblée Nationale—one of the most critical chambers—stated that “the Conference is not working as it should,” while a representative of Eduskunta stated that “there is no measurable impact of this body on policy, whereas networking and dialogue may generate invisible benefits.” This stance could be complemented with the more general opinion on IPCs as expressed by the Finnish chamber in the 32nd COSAC questionnaire (2019, Annex, pp. 75–76): “Conferences [IPCs] offer participants useful support in their work in their home parliament, but no conference can replace the work done in parliaments. No parliamentary conference is in itself capable of providing democratic scrutiny or legitimacy.”

In a similar vein, with regard to the potential oversight function which this IPC could (or should) enhance, the clerk from the Czech Senat—a chamber relatively active in EU affairs—observed in a response to the questionnaire:

In general, the IPC SECG is regarded as an opportunity to receive and exchange information and opinions, to see what is the general political climate across Member States and to get to know other participants....But the MPs, as well as members of parliamentary administration, are very sceptical regarding any legitimizing, scrutinizing, or policy-influencing role ascribed to this IPC. As opposed to COSAC, no relevant collective initiatives are coordinated there.

Similarly, a clerk from Poslanecká sněmovna observed that: “As there are no official outputs of the Conference (i.e., conclusions), it serves just as a discussion forum among MPs, with no political influence.” Three other chambers also pointed to a lack of written conclusions as the main weakness of the Conference (Sejm; Vouli ton Ellinon and Assemblée Nationale).

Although six chambers evaluated the SECG Conference positively (Austrian Nationalrat and Bundesrat; Vouli ton Antiproson; Országgyűlés; Italian Senato and Polish Sejm), only four of them referred to the IPC’s role in improving the scrutiny of the national executive (Senato) or the cycle of the European Semester (Senato, Országgyűlés and both Austrian chambers). In this respect, however, the Italian Senato finds all IPCs to be:

Extremely useful occasions for Senators to meet and exchange information on EU-related topics with their fellow MPs, both from the EP and from other Member States. Senators become more and more familiar with political dynamics underlying negotiations at the EU level. As a result, their cognitive baggage of participation in the European decision-making is enriched... also in the context of parliamentary control over the executive.

While it is difficult to interpret determinants of parliamentary perceptions without asking additional questions, some general observations as to the above findings can be drawn. It seems that chambers possessing relatively strong oversight powers in EU affairs are more critical of the IPC SECG (i.e., Finnish, Latvian, Dutch or Czech chambers). This might be caused by the fact that while they already possess good access to scrutiny documents and, in some cases, also the possibility to exert influence on the policy cycle within the European Semester, the additional channel of IPC SECG does not bring a significant added value to controlling the process. Having the ability to exert influence on the policy cycle may well be a factor, especially in the case of the Latvian Saeima, the only parliament that can vote on, and propose amendments to, the Stability and Convergence Program (EP, 2014). However, the case of Italian Senato seems to deviate from this explanation. As described by Capuano (2017), the chamber is formally involved in the process of the European Semester both as regards the scrutiny of Country Specific Recommendations as well as the National Reform Programs and Stability and Convergence Programs. Yet, it still appreciates the added value of IPC SECG as a Europeanizing and policy-learning platform for Senators. A factor that might explain this state of affairs is the Senato’s general support for cooperation with the EP and the belief that the system of IPCs mutually interconnects national parliaments and the EP, consequently reinforcing the democratic legitimacy of the European integration process (cf. Capuano, 2017, p. 134). On the contrary, the critical reception by the French parliament of IPC SECG, might be explained by its competitive approach to the relations with the EP combined with over-ambitious expectations with regard to endowing this IPC with genuine oversight functions at this stage of its institutionalization.

These interpretations could be better cross-checked and would be rendered more robust if all 25 chambers who participated in the questionnaire shared their views on the perceived effectiveness of the SECG Conference. Unfortunately, in case of 10 chambers (Austrian and German Bundesrat, Chambre des représentants, Narodno Sabranie, Folketing, Eerste Kaamer; Camera dei Deputati; Assembleia da República, Narodna Rada; Riksdag), the clerks declined to share their views seeing the question as either ‘too political’ or by stating that there was no official parliamentary position on the matter.

#### **4. Polish and French Parliamentary Perspectives on the IPC SECG**

In this section, the survey’s findings are complemented with a more in-depth comparative case study of the Polish and French lower chambers’ experience with the IPC SECG. As well as delving deeper into parliamentary perceptions, a major objective of this comparison is to verify whether, in the domestic dimension, participation

in the IPC SECG in any way enhances the national parliaments' respective capacities to exercise control of their executives in the process of European Semester. Following the 'dual scrutiny' model of Cooper (2019) it is assumed that even if IPC SECG functions (only) as a 'discussion forum' (as opposed to a 'joint oversight body'), the exchange of information and best practices within its remit should help national legislatures to carry out their respective oversight functions vis-à-vis their governments, as well as enhance parliamentary control over executive decisions within the European Semester.

The case selection of the Sejm and the Assemblée Nationale allows this research to account for IPC SECG-related experience of a euro and non-euro area parliament. In this context, we should expect that parliaments of euro countries are more motivated to scrutinize the Semester as the process has greater implications for national budgetary policy (cf. Rasmussen, 2018). The two chambers also differ regarding their formal institutional strength in EU affairs. Winzen (2012) classifies the French chamber as considerably weaker in terms of government control (1.17/3) and Karlas (2012) in terms of influence mechanisms (1.5/3) and their binding character (0/3) than the Polish one (2/3, 3/3, and 1.5/3, respectively). While the French parliament does not possess the right to dictate a mandate to a minister in the EU Council and resolutions issued by parliamentary commissions for EU affairs (EAC) are not formally binding, the Polish scrutiny model contains elements of a mandating system where an opinion of the Sejm EAC should form the basis of the government's position in the EU (cf. Borońska-Hryniewiecka, 2020). In line with what was said above, the weaker position of the French Assemblée is expected to make the chamber more willing to use the IPC SECG as leverage to enhance its oversight of the executive in the sphere of economic governance. Moreover, it is important to underline that, contrary to the Polish Sejm, the Assemblée Nationale acts as an 'expert' in the European Semester. It invests a great deal of effort in gathering information and stimulating internal debate on this topic by issuing numerous communications and reports related to the annual growth survey, the Country Specific Recommendations, or the European Commission's opinion on the national draft budget (cf. Kreilinger, 2019). Such a stance further boosts the expectation that participation in the IPC SECG would be used by the MPs to increase parliamentary leverage in this area.

The data presented below are a result of a series of semi-structured interviews (both direct as well as phone-based) with clerks from the French and Polish EAC and public finances commissions (PFC) conducted between March 2019 and October 2020, as well as the analyses of parliamentary minutes.

#### 4.1. Participation and Evaluation

In both countries, it is the EAC—as the main actor in EU scrutiny—which coordinates parliamentary participation

in the IPC SECG. Judging by MPs attendance, it can be said that both chambers value the IPC as an important inter-parliamentary venue. While the size of delegations is not defined in the IPC Rules of Procedure, Assemblée Nationale usually sends the greatest number of teams, composed of four to five MPs: two from the finance committee and two or three from the EAC (interview, March 18, 2019). The Sejm has always sent three MPs coming from EAC, PFC, and economy and development commission (EDC)—matching the level of its Belgian and Dutch counterparts. MPs are usually accompanied by clerks from the corresponding commissions' secretariats (interview, July 19, 2019).

The Assemblée Nationale, as a chamber that played the protagonist role in lobbying for the establishment of the IPC SECG, is also one of the most vocal critics of its functioning. The conducted interviews and analysis of parliamentary minutes point to several reasons. The general disappointment with the IPC is that it does not fulfil the purpose foreseen by its Rules of Procedure, namely enhancing the democratic accountability of the EU fiscal governance through proper scrutiny of the European Semester (interview, March 18, 2019). In this context, representatives of the Assemblée, including both the MPs and administrative clerks, complain about the timing of the IPC, the overly broad scope of its topics as well as its composition. With regard to the first two issues, the chairwoman of the EAC, Sabine Thillaye, postulated during the EAC session in October 2019 that the first-semester meeting of the IPC, traditionally organized within the European Parliamentary Week at the EP, should be convened at a later date: Between the publication of the Commission's Country Specific Recommendations and their examination by the EU Council, which takes place in July. In her view, the current habit of holding the Conference at the beginning of the year limits the debate to general considerations about the EU's economic conditions and growth prospects. Thillaye also postulated that the second-semester meeting organized by the Presidency parliament should be devoted to an exchange of information on the budgetary guidelines adopted by Member States in their draft budgetary plans rather than theoretical exchanges on the economic situation of the EU and the policy pursued within the Eurozone. Finally, she expressed her dissatisfaction with the fact that the IPC does not adopt any conclusions or recommendations. As regards the IPC's composition, Thillaye pointed to the lack of a specific format for the euro area MPs as one of the main weaknesses (Assemblée Nationale, 2019). In the same vein, the head of the EAC secretariat regretted that the IPC has not become a "genuine Eurozone chamber (as originally proposed by France) but includes MPs from all Member States" (interview, March 18, 2019).

While the Sejm does not assess the IPC SECG as harshly as its French counterpart, none of the interviewed clerks referred to the forum's role in improving parliamentary oversight of the national executive, or the

European Semester in general. When asked about the main motivations of MPs behind attending the IPC, a clerk from the PFC who accompanies parliamentary delegations admitted:

MPs usually go because they can. It is more of a parliamentary tourism rather than essential policy-oriented experience. MPs want to get some international overview and go back to their region saying ‘I have just come back from Brussels...’ Yet, if I was to give you an official answer, the goal of attending SECG Conference would be information exchange—surely not improving the government oversight. (Interview, July 19, 2019)

According to the Polish interviewees, one of the main weaknesses of the IPC is the already mentioned overly general level of discussions and unnecessary repetition of debates on macro-economic strategies. While this quite superficial treatment of topics might aim at reducing the risk of potential conflicts over salient issues which might emerge among IPC participants, it also prevents the IPC from becoming a meaningful discussion forum focused on concrete policy aspects and their oversight (interview, July 19, 2019). In this regard, during the January 2019 IPC SECG meeting in Brussels, the chair of the Economy and Innovation Commission of the Polish Senat, Andrzej Stanisławek, proposed the setting up of an inter-parliamentary working group which would formulate concrete proposals to reform the IPC in order to increase its effectiveness (Sejm, 2019a). The Sejm, as does its French counterpart, views the adoption of written conclusions as a good idea and postulates that a presidency parliament hosting a meeting should at least prepare their draft for the IPC’s consideration (interview, July 9, 2019).

Another major shortcoming of the IPC SECG organized in the country holding the rotating presidency is the lack of simultaneous translation to languages other than English, French, and possibly that of the host country. As observed by a clerk attending this IPC, this leaves many MPs excluded from the discussions: “Let alone the oversight function, this technical obstacle results in the fact that even if MPs vaguely understand the contents of the speeches they are unable to comment or pose questions” (interview, July 19, 2019).

#### 4.2. *The Missing Link*

When it comes to tracking the linkage between parliamentary participation in the IPC SECG and the domestic oversight of the European Semester or EU economic governance in general, the findings reveal a rather grim picture in both chambers. In the case of the Sejm, there is no official follow-up of these IPC meetings at home and delegation members—who are theoretically supposed to act as agents of their entire assembly—do not officially report back to their committees or the plenary. Short

reports prepared by clerks accompanying MPs at the IPC are more of a “bureaucratic requirement rather than an effect of the political interest of MPs” (interview, July 9, 2019). These reports, contrary to MPs communications, are available only to a narrow group of delegates and the Speaker of the House, and not publicly accessible online.

In institutional terms, there is no continuity of the discussion between the IPC SECG and EAC or other commissions’ meetings. The analysis of parliamentary minutes reveals that none of the commissions whose members attend the IPC discuss its agenda either *ex ante* or *ex post* (see e.g., Sejm, 2019b, 2019c). For example, in April 2019, a joint meeting of the Sejm EAC, PFC and EDC took place in order to hear the government’s briefing on the NRP to be submitted to the European Commission. The session was held around a month after the IPC SECG’s meeting in Brussels devoted to the assessment of the European Semester in economic policy coordination. During the domestic government debriefing, none of the three Sejm’s delegates who attended the IPC took the floor to raise any points or conduct any follow-up from the Brussels’ meeting. Strangely enough, MPs who posed questions to the ministers were in fact not the participants of the IPC SECG (Sejm, 2019b, p. 260).

The gathered data also reveal that participation in the IPC SECG has not influenced in any way the executive-legislative relationship in the area of fiscal and budgetary governance. While it is difficult to track informal and individual exchanges between MPs and particular ministers, no official record of any in-house activity of the MPs who participated in this IPC is available. Finally, at least in the Polish case, the findings do not confirm the expectation that greater involvement of MPs from sectoral commissions in the IPC SECG increases their Europeanisation (cf. Kreiling, 2019). As admitted by parliamentary clerks from the PFC, there is no observable, increased mainstreaming of EU-oriented debates in the commission as a result of attending the IPC. While joint meetings with the EAC take place occasionally, no intensified inter-institutional cooperation has occurred so far (interview, July 19, 2019).

In the case of the *Assemblée Nationale*, *ex post* debriefings on the IPC SECG take place from time to time at EAC meetings. During the current legislature (2017–2020), oral accounts were presented twice by Sabine Thillaye, the then chairwoman of the EAC on October 2019 and February 2020 (during the same legislature, the EAC held five debriefings on the IPC CFSP). They consisted of short overviews of the events’ agenda and some critical reflection. It is worth recalling the latest one as it illustrates the absence of a genuine impact of the IPC attendance on parliamentary leverage in process of European Semester. Reporting on its meeting in Brussels, Thillaye observed:

These meetings are always a little frustrating. Each person expresses their position in two minutes, which limits the depth of reflection on such vast

subjects, and the discussions do not find any concrete translation likely to allow national parliaments to influence the governance of Economic and Monetary Union, which was the stated purpose of the creation of this conference. (Assemblée Nationale, 2020)

Also, “in a complementary way, a clerk with experience at the EAC and finance commission has not recalled any other substantial, commission—or plenary-level, debates in which the contents of IPC SECG were discussed or used in any substantial way” (interview, October 29, 2020).

While looking for possible explanations of the ‘missing link’ between participation in the IPC SECG and the enhancement of domestic parliamentary capacity to hold executives accountable in the process of European Semester, apart from the inherent procedural weaknesses of the Conference itself, we should also consider the actual domestic position of parliamentary chambers in the Semester procedure. There is an important similarity between the two cases as both the Polish and French parliaments do not dispose of instruments to meaningfully influence executive decisions within the Semester cycle. In France, although the government transmits the draft Stability Program and NRP to the parliament before they are submitted to the Commission, parliament’s role in the drafting of both documents is ‘marginal’ (interview, March 18, 2019). The main actor responsible for monitoring the procedure is the parliamentary finance committee where the Stability Program is discussed with corresponding ministers. MPs admit, however, that their lack of actual power to influence its contents is ‘glaring’ (Assemblée Nationale, 2015, p. 32). What differentiates France from Poland in this context, is the French practice of making the Stability Program subject to a plenary debate and a vote. This, however, does not give MPs a chance to amend the document—making it a purely formal procedure (interview, October 29, 2020). Interestingly, the government’s discretion to organize such a debate provoked political controversy in 2015 when the French government of Francois Hollande, concerned with insufficient parliamentary support for the Stability Program, decided not to hold a plenary vote on it, an act which was met with harsh criticism from MPs.

In the Sejm, the debate on the Convergence Program and the NRP takes place during joint sessions of the EAC, the PFC, and the EDC, in the presence of relevant ministers. While MPs can ask questions and make comments, these have a similarly symbolic weight. The Sejm is not asked to present any formal position nor place any amendments to the documents. Consequently, neither the plenary nor the EAC or any other commission, adopt opinions related to the Semester. As observed by Schweiger (2021, p. 129), in the context of the European Semester in Poland: “The government is trying to push through its agenda without substantial input from MPs.” Such systemic marginalization of parliamentary voice in the process of European Semester might discourage MPs

from making better use of the IPC SECG’s proceedings in the domestic context.

## 5. Conclusions

This article aimed to look at the performance of the IPC SECG from the perspective of domestic legislatures and verify whether the body enhances their capacity to better scrutinize and control their executives in the process of European Semester, thus contributing to increasing the domestic accountability of EU economic governance. The data gathered reveal that this is, in fact, not the case. Only four out of 25 chambers acknowledged the IPC’s role in improving the oversight of national government or the Semester cycle, while the rest admitted that it serves more as a networking forum aimed at the exchange of views rather than any sort of scrutiny-enhancing leverage.

The more in-depth case studies of Poland and France reveal that there is hardly any link between IPC SECG attendance and domestic parliamentary activity under the Semester. The expectation that the Eurozone Member States parliament with weaker formal prerogatives in EU affairs would make better use of the IPC domestically was confirmed only to a small extent, with regard to the reporting practice. The fact that institutional aspects of the IPC are at all discussed in the French EAC differentiates the attitude of Assemblée Nationale from the Polish parliamentary disinterest.

While the analysis has not accounted for all national parliaments, and calls for more comparative research, the presented findings—both with regard to cross-country overview as well as the two case studies—do not seem to fully agree with Krelinger’s opinion that “if assessed by the objective set in its Rules of Procedure... the Conference actually does what it is supposed to do” (2018, p. 174). While it might perfectly “provide a framework for debate and exchange of information and best practices,” it does not meaningfully “contribute to ensuring democratic accountability in the area of economic governance and budgetary policy in the EU” (§2.1 Rules of Procedure). The IPC SECG’s structural and procedural weaknesses are only one part of the problem. As the analysis of Polish and French cases has signalled, another important reason for the lack of a meaningful impact of the Conference on the parliamentary oversight capacity might be the marginalized domestic position of parliaments in the European Semester procedure. In this context, the 2018 report of the EP concerning the role of national parliaments in the Semester is telling. Its findings, based on a parliamentary survey, revealed that about one-third of national legislatures are informed by their own executive about the contents of NRP only after they have been submitted to the Commission, and only a few legislative chambers issue an opinion in this regard. Moreover, many parliaments are not consulted by their governments beforehand regarding draft budgetary plans presented to the Commission, while some

are not informed about them at all (Hagelstam et al., 2018). While these results are alarming in the context of parliamentary accountability of the EU economic governance, future research should look in more detail at the actual ways this domestic marginalization of parliaments affects their participation in the SECG IPC. It would be especially interesting to analyse these arrangements in the case of the 26 chambers who consider scrutiny of budgetary policies and holding governments to account as high priorities which should be further developed in the area of inter-parliamentary cooperation (COSAC, 2019, see responses to question 18 in the Annex).

Such a state of affairs calls for a toning down of the optimism present in the literature on IPCs, and more specifically on the IPC SECG, with regard to assigning them prospective accountability and oversight-enhancing functions. It is doubtful whether—without a qualitative change in domestic governance arrangements—even after the procedural disagreements at the IPC level are resolved, the forum will allow national parliaments and the EP to “embark on jointly scrutinizing the executive decision-makers of EU economic governance” (Kreilinger, 2018, p. 274), or whether the potential adoption of common conclusions by the IPC SECG could be used as a “joint platform for parliamentary resolutions or mandates to be addressed to respective governments” during the main stages of the economic governance (Lupo & Griglio, 2018, p. 367).

The limited nature of findings presented in this article also sets avenues for further research aimed at precisely identifying the interests and preferences of national parliaments regarding their own roles as accountability agents in the process of European Semester and the role that they believe the IPC SECG should perform. Such identification would be important also with regard to the other existing IPCs since—as revealed in the abovementioned 32nd COSAC report (2019)—parliamentary expectations as to the role that inter-parliamentary cooperation should play in the EU differ.

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### Conflict of Interests

The author declares no conflict of interests.

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Article

## Accountability in EU Economic Governance: European Commissioners in Polish Parliament

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### Abstract

This article analyses the interactions between the members of the Polish parliament with the European commissioners in the context of the European Semester, the annual cycle of economic coordination. The Commission drafts crucial documents in this process which assess the implementation of the Country Specific Recommendations (CSRs): the Annual (Sustainable) Growth Survey and the Country Reports. The goal of this article is to assess how the Commission is held to account by a national parliament and how this affects the level of implementation of CSRs. The findings suggest that the Commission is accountable to this national parliament, even if the form of accountability taken is rather innovative and its policy impact limited, at both the EU (the CSRs tend to be immune to Members of [national] Parliament's contestation) and the national level, as the implementation of CSRs seems to be independent of the level of their scrutiny.

### Keywords

CSRs; European Semester; EU accountability; EU economic governance; national parliaments; Sejm

### Issue

This article is part of the issue “Rising to a Challenge? Ten Years of Parliamentary Accountability of the European Semester” edited by Eric Miklin (University of Salzburg, Austria), Aleksandra Maatsch (University of Wroclaw, Poland) and Tomasz P. Woźniakowski (Hertie School, Germany).

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### 1. Introduction

The euro crisis led to the introduction of a number of institutional changes in the economic and fiscal surveillance of the EU—the European Semester—which represent much more fundamental shifts than merely enhancing existing rules to make them more enforceable. In particular, it gave a number of EU institutions a large ‘discretionary space’ to intervene in the domestic policymaking of the member states and consequently created an accountability deficit at the EU level (Dawson, 2015). Importantly, this space includes not only the level of indebtedness but also recommendations on virtually all other policies, such as taxation, social protection, and public health. However, the problem with these Country Specific Recommendations (CSRs) is their very low implementation rate (Darvas & Leandro, 2015). The European Commission has tried to address this problem by engaging with national parliaments (NPs) and thus increas-

ing ‘ownership.’ Indeed, it has been demonstrated that among its three forms, the cognitive ownership is particularly relevant in the context of the commissioners’ visits in the NPs (the two other being institutional and political ownership): “Whereas institutional ownership by the NPs seems low, meetings organized with the EU administration as well as the newly introduced ‘Semester visits’ from commissioners have raised the cognitive ownership of the process among members of national parliaments” (Vanheuverzwijn & Crespy, 2018, p. 589). Some scholars also suggested that hearings in the NPs’ joint committees with the relevant commissioner discussing CSRs and other relevant documents could be one option for ‘an enhanced European Semester’:

Strengthen national parliamentary scrutiny over the European Commission: Parliamentary committees could invite representatives of the European Commission to discuss the Annual Growth Survey.

More ambitiously, a hearing with the responsible commissioner or Commission Vice-President would take place before a joint committee meeting and he or she would have to present and justify CSRs as well as assess the progress of government in their implementation. (Kreiling, 2016, p. 57)

Moreover, it has been claimed that “greater parliamentary accountability should eventually contribute to the collective ownership of the European Semester” (Crum, 2018, p. 283) and that the ‘legitimacy’ of the Semester is positively related to its ‘efficiency,’ i.e., the implementation rate of the CSRs (Hagelstam et al., 2018). It seems to support the claim made by the European Parliament, which in its resolution on the Annual Growth Survey (AGS) in 2018 stated that it “believes that more national ownership through genuine public debates at the national level would lead to better implementation of the CSRs; considers it important to ensure that national parliaments debate country reports and CSRs” (European Parliament, 2018, p. 9). However, as the authors themselves admit, a causal link has yet to be established:

At Member State level, drawing a clear link between the degree of national parliamentary involvement and the CSRs’ implementation rate seems to [be] more difficult, probably due to the fact that the implementation rate depends on many factors (of which the degree of parliamentary involvement is only one). (Hagelstam et al., 2018, p. 21)

Moreover, questions remain as to the exact form this involvement takes, the implications for the Commission’s accountability, and the actual policy effects of the ‘genuine public debates at national level.’ This article aims to address some of those issues.

This article builds on the findings of Hallerberg and colleagues (2018), who demonstrated that non-euro parliaments scrutinize the European Semester more closely than those in the euro countries. By offering an in-depth analysis on the content of parliamentary hearings on the European Semester, this article sheds light on the role of parliaments in holding the supranational executive to account in the EU’s economic governance. The accountability of governments to NPs in the EU has been discussed in the literature for decades (e.g., Heffler et al., 2015; Maurer & Wessels, 2001). Earlier work focused on accountability across levels and parliaments (e.g., Benz, 2006, 2013; Kohler-Koch & Rittberger, 2007; Lord, 2014; Schmidt, 2004). Most recently, Fabbrini employed a comparative federalism perspective to demonstrate that “EU executive power is thus like a two-headed elephant. The Commission-head is institutionally accountable but on issues of low domestic political salience, while the European Council-head is institutionally unaccountable on issues of high domestic political salience” (Fabbrini, 2021, p. 13). However, the research on how

the EU institutions can be held to account at the national level, especially on issues of high political salience, is scarce (but see Crum & Oleart, 2020; Fromage, 2017; Tesche, 2019). Moreover, the literature using accountability frameworks has focused on EU affairs in general (Auel, 2007; Auel et al., 2015; Bergman & Damgaard, 2000; Bergman et al., 2003; Jancic, 2011; MacCarthaigh, 2007; Raunio, 2001; Wouters & Raube, 2012). By contrast, this article studies accountability in economic policy, offering an in-depth analysis of this crucial field. The available empirical research regarding parliamentary accountability of economic governance is rather scarce and tends to be limited both when it comes to scope and timeframe (but see Auel & Höing, 2014; Jancic, 2016; Maatsch, 2017a, 2017b; Schweiger, 2021; Serowaniec, 2016, pp. 195–199, 263–264). Furthermore, many comparative studies on the engagement of NPs in EU economic governance or the European Semester tend to include the eurozone members only (Fasone, 2015, 2018; Haas et al., 2020; Pernice, 2017) even though the European Semester concerns *all* EU countries, including the ‘new member states’ which joined in 2004–2007 and since then its “domestic politics... has more leeway to shape—and limit—the Europeanization process” (Woźniakowski et al., 2018, p. 8). By exploring the debates on the crucial documents of economic governance, the AGS and Country Reports in which the assessment of the implementation of the CSRs is provided, I help to close this gap in the literature.

In analysing the questions asked by the members of parliament (MPs), I focus particularly on those related to the CSRs. The focus on CSRs has several advantages: First, as the CSRs constitute the most important (and intrusive) element of the Semester for national legislatures and was perhaps the main reason behind its introduction, analysing the level of CSRs’ scrutiny allows to draw conclusions about the legitimacy of the process as a whole. Second, the analysis of the specific questions about the CSRs allows one to not only see how but also *why* certain recommendations are contested. Third, I will also try to test a hypothesis that CSRs with a higher ownership level are more likely to be implemented. In so doing, I group the CSR-related questions in a given year according to the sub-recommendations (each CSR usually contains several specific policy recommendations) and their implementation in the following year. Hence, I divide each CSR into subcategories, the implementation of which is assessed by the Commission in the Country Reports.

This article will be structured as follows. In the second Section, “Analytical Framework,” I discuss the definition of accountability and my method. This is followed by Section 3, “Empirics,” in which the hearings are examined. Section 4 concludes.

## 2. Analytical Framework

Including information as a part of an accountability chain recognizes the fact that fora are not unitary

actors and that some groups within them are likely to exercise their accountability rights by a demand for information only. Contrary to what scholars used to believe (the so-called ‘old dualism,’ for instance of parliaments versus governments), a forum is composed of at least two different groups (‘new dualism’; Auel, 2007, p. 487), depending on the scrutinized issue, of *those contesting (opponents) and those justifying (proponents)*. In the case of NPs, the most fundamental distinction is between the parliamentary majority and government on the one hand, and the opposition on the other. While the former group tends to publicly demand information only and challenge/demand change or sanction of the actor through informal channels (informal meetings, intra-party groups, etc.), the latter is more likely to contest/challenge the conduct of the actor publicly.

According to Auel, such an acknowledgement of the fact that parliaments are divided allows for the recognition of different forms of scrutiny that the two parliamentary groups are likely to perform (Auel, 2007, p. 487). Consequently, she introduces two elements of accountability (monitoring and political scrutiny) which correspond to the first two steps of the process. Moreover, for each step, a different parliamentary group is primarily ‘responsible.’ Consequently, monitoring scrutiny is the element of accountability which is conducted in the first stage and is “an important part of, and a prerequisite to, full accountability” (Auel, 2007, p. 500). Within this element (and stage) an “agent is obliged to inform the principal about his (planned) behaviour and actions, by providing information on the performance of tasks, on procedures and outcomes” in order to reduce ‘information asymmetries.’ Significantly, without adequate information, one cannot speak about full accountability. Indeed, the role of this first step of ‘monitoring scrutiny’ is to demand information and this stage is likely to be executed by those with the parliamentary majority. Certainly, it is unrealistic to expect this group to challenge the government publicly, if this is the actor that is held to account.

However, the second stage (political scrutiny) is usually performed by the parliamentary opposition and this is when the government’s conduct is challenged and contested in public. This is the stage when the assessment and judgment of the ‘appropriateness of the government’s decision’ takes place. This element of accountability is exercised by using various forms such as “parliamentary questions and public debate” (either in the committees or in the plenary), which allows for “assessing and criticizing the government’s actions” (Auel, 2007, p. 500). By building on this work, Woźniakowski, Maatsch, and Miklin, in the Introduction to this Issue (2021, p. 97), distinguished two forms of accountability: “1. Justification, or the lighter form of accountability, including questions demanding information and explanation; 2. Contestation, or the heavier form of accountability, including statements of disagreement, requests for change, and sanctions.” Consequently,

this conceptual model offers a lower and upper limit of accountability, corresponding to its two basic forms:

- a) Lower limit of accountability: the presence of Commission representatives at the NPs hearing in which the questions asked demand information and explanation and therefore fall within the justification form of accountability;
- b) Upper limit of accountability: the questions asked during hearings demand change, sanctions, or express disagreement and therefore fall within the contestation form of accountability.

In contrast to the definition of Bovens and colleagues who claim that “[a]ccountability is furthermore a retrospective ex-post-activity” (Bovens et al., 2014, p. 6), I argue instead that the most valuable form of accountability is *ex-ante* (Eriksen & Katsaitis, 2020). This is the only time when the forum can not only sanction the actor for bad conduct but also prevent it from happening in the first place, potentially reducing reputational costs (Busuioac & Lodge, 2016). Indeed, as Auel notes, such monitoring and scrutiny of governments is particularly important in “European policy making, as national parliaments, or more specifically, the majority parties, are not directly involved in decision making at the European level” (Auel, 2007, p. 498).

Importantly, a few scholars working on the role of NPs in the EU use the framework of accountability (but see, e.g., Barrett, 2015; Crum, 2018). Existing studies have not been able to capture the essence of accountability mechanisms because they did not follow an approach that emphasizes the substance of interactions. By contrast, I focus on the substance of the exchanges between an actor (the Commission) and a forum (lower chamber of the Polish parliament, the *Sejm*) in the accountability chain. I divided these interactions into falling within the scope of the abovementioned two forms of accountability, as shown in the following section. While this analytical framework is admittedly more appropriate for an analysis of ‘regular’ accountability mechanisms between parliamentarians and the members of government, I believe that it is still useful in examining commissioners’ visits in the NPs as “an innovative form of accountability of EU decision-making” (Crum & Oleart, 2020, p. 6).

### 3. Empirics

Clearly, the forum to which the Commission is accountable is the European Parliament. Nevertheless, the Two-Pack provided an opportunity for the eurozone countries to invite a commissioner to NPs in order to discuss different elements of the European Semester, but few eurozone countries have used this opportunity. In fact, it has been demonstrated that the non-euro states scrutinize the Semester more than the euro members (cf. Hallerberg et al., 2018). By conducting an in-depth

case study of the largest non-eurozone country, I build on this previous research and aim to examine how the Commission is held to account by the Polish parliament and how this affects the implementation level of the CSRs.

I examined all hearings held by the Sejm with the European commissioners in the context of the European Semester in the first decade since its introduction (2011–2020). There were six such hearings in total: Four were held with Janusz Lewandowski, then Budget and Financial Programming Commissioner (2010–2014), during the seventh term of the Sejm, when Civic Platform (PO) and Polish People's Party (PSL) formed a governing coalition; and two were held with Valdis Dombrovskis, then Vice-President of the European Commission (2014–2019) responsible for the Euro, Social Dialogue, and the Financial Stability, Financial Services, and Capital Markets Union, during the eighth term of Sejm, when Law and Justice (PiS) held power. I focus on committee hearings in the lower chamber of the Polish parliament, the Sejm, because it is here, and not the plenary, where the European Semester is scrutinized. The four hearings with Lewandowski took place in 2013 and 2014 and concerned two types of document drafted by the Commission: the AGS discussed on 22 February 2013 (Sejm, 2013a) and 10 January 2014 (Sejm, 2014a); and CSRs for Poland, debated on 7 June 2013 (Sejm, 2013b) and 5 June 2014 (Sejm, 2014b). However, the accountability mechanisms exercised during those hearings were quite blurred for two reasons. First, during the winter cycles in both 2013 and 2014, when the AGS was debated, not only the Polish MPs but also Members of the European Parliament (MEPs) took an active part and asked questions of the commissioner. Secondly, during the spring cycles of the Semester (in 2013 and 2014), when the CSRs were discussed, not only the commissioner but also ministers from the government were questioned. As a result, it was often difficult to distinguish questions addressed to the commissioner from those directed towards members of the government. For these reasons, and given the limited space of an article format, I decided to focus on the remaining hearings with Valdis Dombrovskis, as those were representative for the purpose of illustrating innovative accountability mechanisms between the European Commission and NP and their impact on policy-making.

The first hearing on the AGS and Country Report 2017 took place on 9 March 2017 (Sejm, 2017) at a joint session of three of the Sejm's committees: Public Finances, Economy and Development, and European Union Affairs. It was chaired by Izabela Kloc of the governing PiS party, chair of the European Union Affairs Committee. Dombrovskis presented detailed information about both documents, including the Commission's work plan regarding financial and economic issues, and an assessment of the implementation of CSRs in Poland. This found that Poland had made limited progress, with the second-lowest score on a scale of 1 to 5. As stated by the commissioner, this was in line with the EU aver-

age of 1–2. Afterwards, he answered three rounds of questions from the MPs. Nine MPs (six from PiS, three from the opposition: one from PO, and two from the Modern party [N]) asked 21 questions in total. The commissioner came to Warsaw again one and a half years later (23 November 2018) to discuss the next cycle of the Semester (Sejm, 2018). Importantly, his visit was organized just after the release of the AGS and Work Program, but before the publication of the Country Report. Thus, this hearing did not concern the Report, where—inter alia—the assessment of the CSRs is included. However, in his introductory remarks, Dombrovskis did outline the CSRs that the Commission had issued for Poland in May, in addition to outlining the economic situation in Europe, the priorities of the Commission's economic policy for the next year, and the assessment of the economic situation in Poland. The debate which followed had four rounds of questions and, similar to the debate from March in the previous year, there was a joint session of the EU and the two sectoral committees. This time, the head of the Public Finance Committee, Andrzej Szlachta (PiS) chaired the hearing, in which 18 questions were asked in total. Although the hearings took place in both 2017 and 2018, the AGS of 2018 was not debated, as only the 2017 and 2019 cycles of the European Semester were subject to hearings with the commissioner. On 26 March 2018, the committees of EU affairs and Public Finance had a hearing with Günther Oettinger about the future EU budget and the Commission's work plan, and this may explain the lack of debate about the European Semester in the 2018 cycle.

The analysis shows a clear difference between the two hearings due to their timing: While in the hearing from March 2017 both the AGS and Country Report (the 2017 cycle of the Semester), which assessed the implementation of the CSRs were subject to the debate, the meeting from November 2018 (the 2019 cycle of the Semester) concerned only the AGS because the Country Report is published later on in the process, in February. This creates a clear trade-off for parliamentarians on when to invite the commissioner. Holding the hearing early in the process, i.e., in the autumn, enables them to gather information that could be used later on in the process of scrutinizing the Semester (e.g., during the debates on Convergence and National Reform Programmes with the members of the government). It may potentially allow them to influence how the socioeconomic situation of Poland will be assessed by the Commission in the Country Report, for example allowing for ex-ante scrutiny. On the other hand, there is a clear advantage to also debating the Country Report, as it constitutes the most detailed analysis of the country, including the most controversial issues, such as the assessment of the implementation of the CSRs.

How does the exercise of this innovative form of accountability fit the analytical framework? Around half of the questions raised demanded information and the other half were almost equally divided between requests

for justification and acts of contestation (mainly expressions of disagreement) of the Commission's conduct. Hence, three-quarters of questions reached the lower limit of accountability; and one-quarter, its upper limit, as defined in Section 2. When it comes to the CSR-related interactions, there were five questions about the CSRs of 2016 that were asked about during the 2017 hearing. Out of the 21 asked in total, three of them requested information/explanation (justification form of accountability) and in two questions the MPs criticized the CSRs (contestation, i.e., the 'heavier' form of accountability). The progress of those CSRs was assessed in the Country Report 2017, which was the subject of the hearing and the overall evaluation was 'limited progress' (on a scale: no-, limited-, some-, substantial progress, full implementation). However, the details of the assessment of each CSR as well as sub-CSRs are provided below. In the 2018 hearing, nobody asked a question related to the CSRs—this may be explained by the timing of the hearing, as explained earlier.

### 3.1. Justification

A question related to a part of CSR1 (i.e., "Strengthen the fiscal framework, including by establishing an independent fiscal council"), on the role of a fiscal council, was asked by Marcin Świąćicki from PO, who was wondering what the competencies of such a council could be, how it could impact the decisions regarding, for instance, retirement age, the countries in which it exists, and about the arguments in favour of creating such a council. Dombrovskis provided a detailed answer stressing that such a council would produce an independent budgetary forecast and provide advice to the government, which would strengthen the fiscal framework of a member state. The implementation of CSR1 was assessed as 'limited progress' overall, but no progress with this specific sub-recommendation concerning a fiscal council (European Commission, 2017, p. 14). Even though this issue was not contested in the parliament, and perhaps because both the PO and PiS governments failed to create a fiscal council, the Commission dropped this sub-CSR in the following year.

The next question did not concern any particular CSR, but the overall system of recommendations. Namely, the same opposition MP (Świąćicki) asked how the Commission could influence countries which do not implement recommendations, such as Poland, which ignored the CSR regarding retirement age. He asked whether the instruments that the Commission has at its disposal to encourage or force countries to implement the CSRs were sufficient and if it would use different instruments for eurozone and non-eurozone countries. In the light of the fact that the implementation record is limited in most EU states, he asked if the Commission should have stronger enforcement instruments. Dombrovskis provided a detailed answer in which he stressed that the CSRs are not injunctions, but only

recommendations, and therefore the Commission does not have any mechanisms to enforce them. In the Commission's view, he stressed, the main means to ensure that recommendations are implemented are dialogue with NPs parliaments and promotion of the Commission's agenda to assure member states that its recommendations are beneficial for them.

The third question related to a sub-recommendation of CSR1 ("Improve tax collection by ensuring better VAT compliance"). Wojciech Zubowski (PiS) was quite specific and asked about the Commission's plans regarding the VAT gap. After praising the fact that the Commission appreciated Polish efforts in fighting VAT evasion, he asked about its plans in fighting such white-collar crimes. Indeed, the Commission assessed that 'some progress' had been made in "ensuring better tax compliance" (European Commission, 2017, p. 14). Dombrovskis replied that this was a priority of the Commission, which works on this issue within, for instance, OECD programs on the erosion of the tax base. Regarding the VAT gap, he praised the Polish authorities for making some progress in this matter and promised to work closely together on tax evasion. He added that taxes should be paid in the country where the economic activity is conducted and not where taxes are the lowest. In the next year's CSR, this sub-recommendation was dropped, even if its implementation was assessed as 'some progress' in the 2017 Country Report.

### 3.2. Contestation

Two questions were clearly contesting CSR2 ("Ensure the sustainability and adequacy of the pension system and increase participation in the labour market, by starting to reform the preferential pension arrangements, removing obstacles to more permanent types of employment and improving the labour market-relevance of education and training"). Both were asked by PiS MPs and concerned a CSR, the implementation of which in the Country Report was assessed as 'no progress,' both overall and for every sub-recommendation. Moreover, it noticed that "key measures in the legislative process go in the opposite direction" (European Commission, 2017, p. 14). The two questions were asked about the lowering of the statutory retirement age, which entered into force in October 2017. Jan Mosiński (PiS) criticized the commissioner's assessment that the lowering of the statutory retirement age, a reversal of the previous reform, would have a negative impact on the economic condition of the country. He stressed that people of his age are exhausted as a result of the system and organization of work in communist Poland and the fact that many countries in Western Europe have a shorter working week than Poland, which leads to better health and the possibility of working longer and retiring at an older age. Wojciech Zubowski (PiS) also focused on the worse health condition of those over the age of 60 in Poland compared to other countries. He cited OECD data from 2013 which showed that

only 15% of Poles regarded their health as good or very good, which would allow them to work, compared to 50% in the UK and almost 60% in the Netherlands. In his answer, Dombrovskis stressed that in Commission's view high participation in the labour market and economic growth should be ensured and that lowering the statutory retirement age could undermine the future of the pension system.

The fact that this sub-section of CSR was contested by the MPs did not lead to the Commission changing it in the following year. In fact, while the overall CSR was changed and its implementation increased from 'no progress' to 'limited progress,' when it comes to the contested sub-recommendation, it appeared again. What is more, the most contested issue (the demand to increase the retirement age) appeared in the CSR the next year *expressis verbis*, which means that not only did the Commission not change its behaviour according to the wishes of the MPs, it even strengthened its stance towards this contested issue. Thus, the contestation of this CSR did not lead to policy change, both in terms of actor's behaviour or its implementation.

Out of four questions about three specific sub-CSRs, the Commission dropped two of them in the following year (on the fiscal council and on the better VAT compliance), but those were not contested. The only one which was contested did lead to a change, but not in the direction hoped for by the MPs, as the sub-CSR in 2017 on the pension reform was even strengthened and explicitly demanded "measures to increase the effective retirement age" (European Commission, 2018, p. 12)—the exact policy measure that the MPs had opposed a few months earlier. When it comes to a link between ownership and implementation, in the sub-CSRs concerning pension system, no change in the implementation level could be observed ('no progress' in both 2016 and 2017); one sub-CSR on the fiscal council was dropped (but was not implemented); and the third, on VAT compliance, was dropped, perhaps as a result of improved implementation (cf. European Commission, 2018, pp. 15–18). Those preliminary findings seem to suggest that the link between ownership and implementation is limited at best and that the influence of NPs on the Commission is even weaker.

#### 4. Conclusions

This article demonstrates that an innovative form of accountability in the context of non-euro states can be exercised in a way that enhances the accountability of the actor. But for this to succeed, both the forum and the actor need to fulfil some requirements. On the one hand, the MPs should ask questions that relate to the area of responsibilities of the Commissioner that is held to account. On the other hand, the actor being held to account should engage in a meaningful way with the forum. They should answer the questions fully with as much detail as the format of the hearing allows, and

should not evade them by providing hollow, generalised answers. The quality of the interactions shows that the Commission has tried to increase the low level of implementation of the CSRs by engaging with the members of the Sejm. The idea (also expressed by Dombrovskis in one of the hearings when he said that the main means to ensure that CSRs are implemented are dialogue with NPs and their promotion in a given country) is that the greater the 'ownership' by MPs, the higher their implementation level. However, this article shows that the strength of the relationship between those two factors may be exaggerated. In sum, according to the conditions of accountability employed for this study and outlined in the Analytical Framework Section, we may conclude that the Commission is accountable to this national parliament. This is true even if the form of accountability taken is mainly justification (only quarter of the interactions fell within the 'heavier' form of accountability, i.e., contestation) and its policy impact limited, at both the EU (the CSRs tend to be immune to MPs' criticism) and the national level, as the implementation of CSRs seems to be independent of the level of their scrutiny, at least in this particular case.

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#### Conflict of Interests

The author declares no conflict of interests.

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Article

## Pragmatism and the Limits to the European Parliament’s Strategies for Self-Empowerment

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### Abstract

Despite the European Parliament’s (EP) growing role, its influence and scrutiny capacity remain considerably weaker than the role traditionally reserved for parliaments in economic and fiscal policy decision-making at the national level. The EP has exploited any opportunity to enhance these powers: In particular, the EP has a record of using crisis and extraordinary situations to expand its role beyond the formal prerogatives given to the institution. Following this literature, this article examines the role and influence of the EP on economic and fiscal policy, focusing on the response to the Covid-19 crisis. Negotiation of the Recovery and Resilience Facility presents an auspicious area to analyse the strategies implemented by the EP to influence the outcome and reinforce its position in EU economic governance. The article will look specifically at the formal and informal mechanisms used by the EP during the crisis to expand its powers. Moreover, it utilises a research design that combines the content analysis of several official/public documents and statements from key members of the European Parliament (MEPs) involved in economic policy.

### Keywords

accountability; Covid-19; economic governance; economic policy; empowerment; European Parliament; negotiation

### Issue

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### 1. Introduction

The prerogatives and accountability capacities of the European Parliament (EP) have expanded since the 1990s, peaking with the Treaty of Lisbon (Woźniakowski et al., 2021). The EP’s agency is said to have played a role in this expansion, for instance, in introducing de facto powers in certain aspects of Economic and Monetary Union (EMU) governance and trade policy (Meissner & Schoeller, 2019). Similarly, the EP has also obtained scrutiny capacities over the Commission (Brandsma, 2016), the Council (Wille, 2016), the European Council (EUCCO; Van de Steeg, 2009), European agencies (Busuioac, 2013), and even over the

Brexit negotiations (Closa, 2020). However, the EP has also failed in other attempts to extend its powers. Whilst the Treaty of Lisbon presented the EP as an ‘equal’ to the Council, the EP found itself sidelined in the design of the response to the Eurozone crisis (Bressanelli & Chelotti, 2016, 2018; Fabbrini, 2013; Puetter, 2012). Thus, the European Stability Mechanism (Rittberger, 2014) or the Macroeconomic Imbalance Procedure (Schoeller & Héritier, 2019) are examples of resounding failures in the EP’s attempts to expand its powers.

The Covid-19 crisis represents a new opportunity for the EP to expand its powers to a new area. Thus, in response to the crisis, several new policy instruments

were created, among which the Recovery and Resilience Facility (RRF) stands out. The RRF is part of a package of funds dedicated to fight the pandemic, the NextGenerationEU (€750 bn), which includes the RRF (€672.5 bn), ReactEU (€47.5 bn), InvestEU (€5.6 bn), Horizon Europe (€5 bn), Rural Development (€7.5 bn), Just Transition Fund (€10 bn), and RescEU (€1.9 bn). The unprecedented size of the package, the combination of grants and loans, and the fact that the issuance of EU debt finances the instrument make the Facility a major development. Hence, the RRF negotiations represent an excellent case study to examine the strategies deployed by the EP to acquire new powers and its ability to influence the outcome.

Building on the literature on the self-empowerment of the EP, we investigate whether and why the EP acts as a maximiser of its own powers. To that end, we address two questions: (1) To what extent (if any) did the EP increase its powers or influence during the RRF negotiations? and (2) Why did the EP fail to acquire all the powers and influence it demanded? In doing so, we argue that the EP implemented a set of strategies in order to expand its powers and influence during the RRF negotiations. However, the use of those strategies was conditioned by a series of external factors that ultimately limited the ability of the EP to maximise its powers. In this context, the EP opted to settle for smaller concessions than those originally demanded.

To tackle these questions, first, we try to assess the level of the EP's success in introducing its policy agenda and extracting new prerogatives (empowerment via policy and governance). For this, we rely on the comparison of different legislative documents, complementing this with interviews with members of the European Parliament (MEPs). Second, we present empirical evidence derived from 13 interviews with key decision-makers involved in the negotiations and a wide range of official documents to analyse the strategies used by the EP in its attempts to expand its powers and the limitations it faced along the way.

Our findings suggest that the EP obtained limited gains in terms of accountability and scrutiny capacities in the RRF, but conversely extracted important policy concessions. Moreover, we confirm that the EP sought its own empowerment through the deployment of several strategies destined to reinforce its bargaining position. This is in line with previous studies that argue that the empowerment can be explained through rational institutionalist mechanisms. Nevertheless, rather than a pure power maximiser, willing to pursue its empowerment at all costs, from the negotiations emerges the picture of a pragmatic negotiator. Thus, the EP used several strategies to advance its preferences and extract concessions, whether these refer to policy or governance. However, when faced with a series of adverse conditions, the EP preferred to settle for smaller gains rather than embarking on a costly political confrontation in order to maximise its powers.

The large set of resources under negotiation facilitated the negotiation over policy outcomes, while the lack of predisposition to yield governance instruments that the EP perceived in the Council represented an obstacle for the EP. Moreover, the costs associated with implementing hard strategies (e.g., delaying the approval or vetoing the package), the lack of support from the Commission, and the limits to intergroup consensus concur to explain the pragmatic approach taken by the EP.

## 2. The Empowerment of the EP

Since the late 1980s and early 1990s, the EP has increased its powers across several policy areas (Hix & Høyland, 2013). Thus, examples of such empowerment can be found in trade policy (Meissner, 2016; Ripoll Servent, 2014; Rosén, 2016), Brexit negotiations (Closa, 2020), political and technocratic appointments (Hix, 2002; Schoeller & Héritier, 2019) or financial supervision and economic governance (Fasone, 2014; Rittberger, 2014).

Within this context, the EP has systematically attempted to maximise its prerogatives and account-holding powers (Bressanelli & Chelotti, 2016; Héritier, 2017; O'Keeffe et al., 2016; Rittberger, 2014). Sometimes, concessions in these areas partially compensate the EP for its lack of substantial influence in the design of key legislation (Dionigi, 2020; Dionigi & Koop, 2019). Additionally, these ad hoc concessions may create an incrementalist process (Benedetto & Hix, 2007; Hix, 2002), which results in the EP using the new prerogatives to propose an expansive interpretation of the rules to further extend its powers.

Some scholars explain the empowerment of the EP by focusing on agency itself (Farrell & Héritier, 2007; Héritier et al., 2015; Hix, 2002; Meissner & Schoeller, 2019). These authors understand the EP as a rational power maximiser, which actively seeks to expand its role through different means and strategies. For instance, assuming asymmetry of information and imperfect contract theories, Hix (2002) argues that one way through which the EP has extended its power is by moving quickly to present an expansive interpretation of the existing *de jure* rules. This allows the EP to create *de facto* practices, which are then accepted by other actors and formalized as formal rules in subsequent reforms. Prolonging this line of argument, other authors (Closa, 2020; Schoeller & Héritier, 2019) also show how the EP uses all the resources and prerogatives at its disposal in order to obtain new powers.

As an alternative to this pure rational institutionalist approach, another set of authors (Goetze & Rittberger, 2010; Pollack, 1997, 1999; Rittberger, 2012, 2014) assign less weight to the agency component and suggest that behind the empowerment of the EP there is an ideological commitment to reduce the democratic deficit. Thus, they emphasise the normative pressure to empower the EP and argue that the expansion of the role of the EP also responds to the need to increase the legitimacy of

the decision-making process. Hence, the empowerment can also be promoted by persuasion or driven by public demands.

In line with the rational institutionalist approach, we argue that the EP behaved as a strategic actor during the RRF negotiations, seeking to increase its powers and influence by exploiting all the resources at its disposal through the use of several strategies. This repertoire includes veto threats, issue linkage, timing control, intergroup consensus, and interinstitutional alliances.

Firstly, threatening to veto outcomes if its demands are not accepted gives the EP leverage vis-à-vis any other negotiating actor. Therefore, the EP has waived its veto in areas such as the appointment and investiture of the Commission (Moury, 2007) or in the ratification of agreements such as the SWIFT interim agreement (from 2010) and the Anti-Counterfeiting Trade Agreement (from 2012; Devuyt, 2013; Shaohua, 2015). Similarly, it has also used this successfully during the negotiation of the Brexit agreement (Closa, 2020).

Secondly, the EP has also used issue linkage strategies repeatedly, seeking to connect areas where the institution has more powers with others where it counts on less (formal) powers (Héritier, 2017; Schoeller & Héritier, 2019). Since the bargaining position of the EP is stronger when co-decision or consent are required (O’Keeffe et al., 2016), the EP may seek to link issues where these procedures apply with others not covered by them. Examples of this can be found in budget negotiations (Alfé, 2007) and economic governance (Héritier et al., 2015).

Thirdly, the EP can also use to its advantage the timing and urgency of a decision to improve its negotiating position. Thus, the EP can seek to delay a decision to gain leverage or speed it up in attempt to set the agenda. Héritier et al. (2019) present several examples where the EP resorted to a delaying strategy. However, timing can also play against the EP. During the Eurozone crisis, the need for a prompt response to calm the financial markets and avoid negative effects favoured intergovernmental or technocratic bodies and relegated the EP (Bressanelli & Chelotti, 2016).

Fourthly, the EP can more easily obtain concessions from other institutions when the main political groups agree on a certain position and show unity in their action (Closa, 2020; Costello & Thomson, 2013; Kreppel, 1999; O’Keeffe et al., 2016). Intergroup consensus tends to be used as a complementary strategy and as a way of reinforcing the bargaining position. Thus, it can be a power instrument to reinforce the credibility of a veto threat, display force, or facilitate the use of an expansionary interpretation of the rules (issue linkage).

Finally, the EP may also seek to establish alliances with European institutions, typically the European Commission (Closa, 2020; Rosén, 2016), to reach certain policy goals. These institutions are likely to cooperate to increase their power and influence based on a common interest and a shared integrationist or pro-European identity.

This repertoire follows the list of strategies from Héritier et al. (2019) to obtain formal and informal institutional changes. Nonetheless, the repertoire above does not exhaust all possible strategies, leaving out well-known ones such as the threat of the European Court of Justice, unilateral first moves, the use of external pressure, etc. Instead, we have sought to narrow the list to those relevant to our case (a comprehensive list in Héritier et al., 2019). Similarly, it should also be mentioned that the EP rarely uses any of the strategies in isolation but rather combines them. Thus, several examples display a combination of strategies with different degrees of success, e.g., interinstitutional alliances with veto threats (Closa, 2020) or delaying strategies and issue linkage (Schoeller & Héritier, 2019).

Drawing on this theoretical framework, we argue that the EP sought to increase its powers in the RRF negotiations through the deployment of several bargaining strategies. Nevertheless, these strategies faced a series of limitations that led the EP to settle for smaller gains instead of recurring to harder (and more costly) strategies.

### 3. Methodology and Data

The outcome to be explained is the empowerment of the EP in the case of the RRF (i.e., concessions and changes made in the text to include the priorities of the EP concerning governance). Additionally, we also present concessions to EP demands concerning policy. Capturing the influence of the EP in the negotiations is a very difficult task, leading scholars to tackle this challenge through different approaches and operationalisations. For instance, Meissner and Schoeller (2019) designed an index of empowerment for the EP, based on four types of empowerments and using evidence extracted from legislative texts and interviews.

Several factors explain the difficulty to assess the empowerment of the EP in the case of the RRF. First, the large number of exchanges held at each stage of the process makes it hard to identify where an idea is coming from and capture agenda-setting effects (e.g., the Commission knowing it needs to secure the support of the EP and that the Council is likely to incorporate their preferences and proposal in the first draft). Second, several documents and reports are negotiated in different fora (i.e., between political groups, committees, plenary), making it more difficult to keep track of changes. Third, in parallel to the changes promoted by the EP, decisions taken by other actors during the process may be incorporated into the documents prepared by the EP. Hence, changes need to be disentangled. Finally, when examining legislative documents, it is necessary to take into account their connection with other pieces of legislation and that some amendments may be included only to obtain concessions in other areas.

In light of these challenges, we use a crude but comprehensive approach to assess the empowerment and

influence of the EP. On the one hand, we compare the Commission proposal (European Commission, 2020), the draft resolution of the EP (maximum position; EP, 2020), and the final text (outcome) agreed on with the Council (Regulation of the EP and of the Council of 12 February 2021, 2021). On the other, we complement this initial assessment with the main changes observed in other legislation connected with the RRF, the Own Resources Decision (ORD; Council Decision of 14 December 2020, 2020), the Multinational Financial Framework (MFF) regulation (Council Regulation of 17 December 2020, 2020), and the conditionality on the rule of law regulation (Regulation of the EP and the Council of 16 December 2020, 2020). Finally, given that comparison of the text can be misleading, as some amendments may be introduced for opportunistic reasons and might be considered unlikely to pass by the proponents themselves, we refine the assessment with the evidence extracted from the interviews.

We define empowerment as the expansion of the formal prerogatives of the EP and the increase in the influence of the EP over the policy implemented. Consequently, we focus on the empowerment observed in two areas: governance and policy. By governance, we understand this as the institutional mechanisms and procedures that allow the EP to participate in the RRF and hold other institutions accountable. Meanwhile, by policy, we understand this as the ability of the EP to shape or alter the goals, funds, and priorities of the RRF. Finally, we treat the EP as a unit given that as an institution it passes legislation, issues official statements, and engages in negotiations with other actors based on the common position set by the groups.

Evidence for explaining why and how empowerment happened comes from two sources. On the one hand, we have conducted 13 interviews with MEPs and Commission officers (see the list of interviews in the Supplementary File II). We transcribed and coded the interviews (see codebook in the Supplementary File III). To verify that the EP has used any of the strategies, evidence (interviewees and documentary sources) should be consistent and back the use of each strategy. We set as a test that at least two interviewees utter statements that interpretatively contain references to these strategies. In line with best practices for transparency in qualitative research (Closa, 2021), we include a detailed research implementation report (Supplementary File I) plus the list of interviewees (Supplementary File II), the Codebook (Supplementary File III), and the output of the Atlas.ti@ analysis (Supplementary File IV). Given word count limitations, we report in Supplementary File VII all quotations used to substantiate interpretation in the findings section. In the text, the number in brackets redresses towards the same number in Supplementary File VII.

On the other hand, we compiled 63 press releases issued by the EP (included in the Supplementary File) regarding negotiations of the MFF–RRF throughout the

year 2020 (up until November 30). Additionally, we supplement these documents with parliamentary resolutions concerning the MFF–RRF (approved between 2018 and 2020) and with statements from key MEPs involved in the negotiations, which are included in press documents or open letters. Given that the EP opted for carrying out a very public negotiation, communicating its demands in several public documents, these documents constitute a reliable source to identify the position of the EP, the arguments it uses, and the strategies it implements (see Supplementary File VI). Moreover, they allow us to observe how the negotiations evolved over time.

## 4. Findings

### 4.1. *The Influence of the EP on the Negotiations*

Table 1 shows the main powers and policy concessions obtained by the EP in the negotiations of the RRF regulation. In terms of governance, the provisions focus mainly on guaranteeing access to information, the establishment of mechanisms enhancing accountability and scrutiny capacities of the EP, and the creation of procedures that facilitate assessment of the implementation. In terms of policy, the EP was able to influence spending priorities significantly, shape the policy agenda behind the RRF, and define the criteria for assessment of the recovery plans. The reinforcement of the EP's role refers not only to the outcome but also to the negotiating process itself: initially, the legal basis and, hence, the procedure for creating the new recovery instrument was unclear. Options included Article 122 TFEU or Article 352 TFEU, and there were questions on its compatibility with Articles 310 and 311. In the end, the European Recovery Instrument (the funds behind the RRF) was established via Article 122, which does not reserve any role for the EP. Therefore, being part of the negotiating table from the beginning was already a victory for the EP, which could have been excluded from the process (or, at least, it was not clear that its inclusion was inevitable).

Whilst the concessions obtained improved the role assigned to the EP in the initial proposal, they fell short of its most ambitious aspirations. In its public assessment, the EP valued in particular the establishment of a new procedure (the dialogue) “in order to agree on the budgetary implications of any proposed new legal act on the basis of Article 122” (EP press release November 10). Most MEPs and Commission officials share this positive evaluation of the governance outcome (1 in Supplementary File VII), whilst others do not concur (2). Additionally, some of them reconcile both positive and negative judgements (3) and recognize that some of the amendments regarding the role of the EP were unrealistic (4). Finally, it should also be noted that up to seven MEPs argued that the real discussion on the role of the EP in the governance of the RRF is yet to come (5).

Institutions treated RRF negotiations in connection with other budgetary issues, such as the ORD, the MFF

**Table 1.** Powers and policy concessions obtained by the EP in the RRF regulation.

Area	Power	Concessions Obtained by the EP	Concessions Not Obtained by the EP or Watered Down
Governance	Access to information and transparency	<p>Broad access to information and on equal conditions as the Council.</p> <p>Right to be informed and to invite the EC to discuss the suspension of the funds on the basis of sound economic governance.</p>	Access to the information on the main discussions of the Council and its bodies.
	Accountability and scrutiny capacity	<p>The EC shall present a review report on the implementation by July 2022. EP may invite the EC to discuss it.</p> <p>EC must present preliminary assessment on progress towards the milestones in the RRP's and the EP may invite it to obtain more information.</p> <p>Establishment of the Recovery and Resilience Dialogue. Entitles the EP to invite the EC every two months to get information.</p> <p>EP may issue resolutions in the framework of the recovery dialogue and the EC shall take them into account.</p> <p>EC must present an annual report on targets and disbursements.</p> <p>Shorter deadlines for the independent evaluation report on the implementation and the ex-post evaluation.</p> <p>Delegated powers given to the EC significantly restricted.</p> <p>EC must review the application of the mechanism in 2024 or if there is a major change.</p>	<p>The Recovery and Resilience Dialogue does not cover representatives of member states, the Council and its bodies, or the Eurogroup.</p> <p>Quarterly reports from member states within the European Semester process in which EP may invite member states to discuss progress on RRP's.</p> <p>Biannual reports on implementation, targets and disbursements. These reports also need to include repayment details.</p> <p>Biannual reports from independent fiscal institutions and their assessment of the costs.</p> <p>Biannual report on implementation was limited to one.</p> <p>EC needs to appear before EP after negative assessment of RRP's or after negative assessment of its amendment.</p> <p>Ability to monitor EC's spending decisions and the creation of a database with quarterly information.</p>
	Procedural mechanisms	Establishment of a scorecard to assess the progress of the RRP's. Results will be public.	<p>EP may appointment some of the experts assisting the EC in assessment of the advances or preparation of reports.</p> <p>Two reviews of the regulation (in 2022 and 2026).</p> <p>Independent fiscal institutions must validate total costs of the plans.</p> <p>Connection of some procedures or the use of some resources with programs covered by MFF/TFEU procedures.</p>

**Table 1.** (Cont.) Powers and policy concessions obtained by the EP in the RRF regulation.

Area	Power	Concessions Obtained by the EP	Concessions Not Obtained by the EP or Watered Down
Policy	Spending priorities	Allocation of 37% of the funds to the green agenda (it asked for 40%) and 20% to the digital transformation.  More detailed plans, address county specific recommendations (CSRs), etc.	Investment of, at least, 7% in each of the six pillars.
	Funds	RRF should not substitute national budgetary expenditure and should apply principle of no harm.  Pre-financing of up to 13% (EP asked for 20%) and eligibility of measures implemented during 2020 that comply with rules.  MS may allocate up to 4% (EP asked for 5%) of RRF to technical support instrument and InvestEU (MFF).	Complementarity of investments with funds from international financial institutions.  Unused commitments to be assigned to union budget.
	Policy priorities and conditionality	Social, sustainable development and green agenda were reinforced.  Procedures to avoid fraud, corruption, and conflicts of interest are incorporated.  More specificity regarding assessment criteria and on actions of the EC.	Gender equality references were watered down. Other priorities, too (but less).  Procedures to ensure compliance with state aid.  After <i>Stability and Growth Pact's</i> break clause ends, EC must propose a regulation to link RRF with sound economic governance.

regulation, and the conditionality (rule of law) regulation. Therefore, to present an accurate account of the empowerment of the EP we also need to look at the outcome of these negotiations.

In the case of the ORD, the creation of new resources to ensure that repayment of the RRF does not affect the regular budget of the Union was a top priority for the EP. The EP repeatedly identified it as a condition to give its consent to the whole package (6). Hence, the Interinstitutional Agreement of 16 December 2020 (2020) includes a binding roadmap for the introduction of several new own resources.

Regarding the MFF, the EP pushed to maintain the level of commitments (to avoid that the RRF had a negative impact on the budget) and to direct funds into certain policy areas ('horizontal issues'). Interviewees coincided that the EP obtained an additional €16 bn to be allocated to a series of flagship programs selected by the EP (7). Several of them also pointed out the EP's success in this regard (8). This concession was very important for two reasons. First, it compensated the EP for cuts in certain areas and allowed the EP to reinforce some of its policy priorities. Secondly, the EP managed (for the first time) to re-open the allocation of MFF funds and acquired a larger

role in the negotiation over distribution of the funds (9). Thus, even if the concession was small in terms of the size, the EP perceived it as an important victory.

Finally, on the conditionality on the rule of law, the EP presented amendments to incorporate this issue in the RRF regulation. In the end, these amendments were not included in the final text, but were largely accepted and incorporated in the Regulation 2020/2092 on a General Regime of Conditionality for the Protection of the Union budget, whose scope includes the recovery funds. Hence, although the EP agreed with the Council on softer language, the EP managed to obtain another policy concession here.

In summary, the overall balance suggests that the EP obtained a wide range of concessions. Thus, although its role in governance of the facility remains limited, the EP managed to expand this, gaining access to information and reinforcing its accountability and scrutiny capacities. More importantly, the EP also exercised a noticeable influence on the policy side, extracting several concessions regarding the funds (amounts and allocations) and shaping the policy priorities that will be pursued through the RRF. Nonetheless, the EP failed to obtain many of its demands. To understand this mixed outcome, the next

section examines by which mechanisms the EP attempted to expand its powers and the limitations it faced.

#### 4.2. *The Scope and Limits of the EP's Strategies: The EP as a Pragmatic Negotiator*

In this section, we verify whether the EP pursued its empowerment in a way that was consistent with the rational institutionalist approach. We can confirm that the EP used several strategies in order to strengthen its bargaining position and influence the outcome of the MFF–RRF negotiations. Nonetheless, when faced with a series of constraints and limitations, the EP discarded nuclear options and opted for pragmatism, settling for the smaller concessions identified in the previous section.

##### 4.2.1. The Strategic Repertoire of the EP in Action

Based on the repertoire of strategies identified in the theoretical discussion, we present compelling evidence that supports the argument that the EP deployed several strategies to reinforce its bargaining position. Thus, during the negotiations, the EP systematically attempted to increase its powers and promote its policy agenda using all the means at its disposal. Such behaviour is in line with the rational institutionalist argument, although, as we will see later on, the EP did not act as a pure power maximiser. In this section, we analyse the use made of each one of the strategies previously identified, examining their potential influence and limits.

##### 4.2.1.1. Issue Linkage and the Strategic Exploitation of Timing

Evidence shows that issue linkage has been a crucial strategy for the EP. The RFF was negotiated in parallel to the ORD, the MFF regulation, and the conditionality (rule of law) regulation. Each of these instruments provided for different EP procedural involvement (as Table 2 summarizes) and created a multidimensional negotiating space combining timing and procedures.

Although the RRF ended up being approved via the ordinary legislative procedure, this procedure was not clear at the beginning of the crisis. The Recovery Instrument was initially based on Article 122 TFEU, which does not reserve any role for the EP. However, the funds of the Recovery Instrument were ultimately connected with both the ORD (authorization and repayment provisions) and the MFF (the funds borrowed by the

Commission will be channelled through funds and programs covered by certain budgetary procedures). Thus, the EP acted to link the different parts of the package under negotiation. In that spirit, the negotiating team highlighted that consent for the MFF would only be granted if they were satisfied with the overall package (10). Hence, the EP only gained an effective role and status as a co-legislator in the RRF Regulation because it successfully linked the ORD with the MFF, opening up space for use of Article 175 TFEU.

Interviews coincide in pointing out the importance of the fact that negotiations of the four issues were connected (11). Coordination among the negotiation teams was strong (12). Issue linkage permitted extending the effects of procedures to different areas or to gain leverage in other negotiations (13). Thus, the veto implied in the EP's consent (MFF) and the delaying power of consultation (ORD) could be extended to the other acts connected with the recovery instrument (14). Moreover, once the EP gained the ability to amend the RRF, it could also negotiate concessions in other pieces of legislation in which it was not a co-legislator. The EP explicitly sanctioned this arena-linking strategy connecting the MFF negotiation with the RRF and the rule of law mechanism in several EP resolutions and press releases (15).

The temporal and substantive overlap of dossiers favoured issue linkage and created a specific time framework that the EP exploited in order to strengthen its own position. However, timing played a role in two different directions. At the start of the negotiations, the EP reached a position much faster than the Council did and also updated it faster after the Commission presented its proposals. Thus, it passed a negotiating mandate in November 2018 (16) and reconfirmed it in October 2019 (17). Similarly, the EP also reacted quickly in response to the Covid-19 crisis, issuing resolutions in April (18) and May 2020 (19) and an additional one in reaction to the EUCO conclusions in July (20). Consequently, it offered to begin the trilateral discussions as soon as possible to be involved in the process from an early stage (21).

However, the possibility of strategically exploiting timing depended also on the Council. The Council took a considerable amount of time to reach a position on own resources, evidencing the difficulty of reaching a compromise among the member states. Nonetheless, once the national governments agreed, the urgency of the situation made time a factor working against the EP. MEPs point out the emergency situation created by Covid-19 (22) as well as the costs in public opinion

**Table 2.** EP's procedural role.

Instrument	Legal basis	EP role in decision-making	Date of agreement
Own Resources	311	Opinion (special legislative procedure)	EP approval 16 September 2020
MFF	312	Consent (special legislative procedure)	10 November 2020
Rule of Law conditionality	322(1)	Ordinary legislative procedure	17 December 2020
RRF	175	Ordinary legislative procedure	18 December 2020

of delaying the money (23) as key factors of urgency. Unsurprisingly, the EP agreed to fast track the required opinion to complete the legislative process and did not attempt to delay the project. Such a swift response put the ball back in the Council's court (24).

The EP and Council agreed on the MFF on November 10. Evidence does not show that the EP sought to delay approval of the MFF, but whilst the Council was in a hurry to approve it, the EP was not. In the case of no agreement, the previous MFF (2014–2020) with a higher expenditure ceiling would be automatically extended, reducing the cost of non-cooperation for the Parliament (25). Thus, the EP called for activation of a contingency plan in the event of an automatic extension of the past MFF ceilings, recalling that this was an option contemplated in the treaties. The EP repeated its threat (7th trilogue, October 8), warning that it would walk out of the negotiations over the lack of advances regarding the MFF and the funding for 15 flagship programmes if the Council did not move (26).

Early agreement on the MFF meant that the EP could not use the leverage deriving from the MFF over the other pending issue, i.e., the RRF (27). Hence, once again, timing became a factor working against the EP (28), with the Council arguing that a swift approval of the RRF was necessary and that the EP should not block it (29). During the trilateral talks, the Council wanted the EP to accept the deal as it was and pressured for a quick agreement. However, the Hungarian government blocked the agreement over the conditionality of the rule of law, which meant that the Council could not close its negotiations on this regulation. This cancelled the timing advantage of the Council (30) and left more room for the EP, who could present several offers during the subsequent negotiations (31). In summary, evidence does not show the EP used a delaying strategy but, rather, that urgency considerations on the necessity of the RRF weighed heavily in the calculus of EP actors.

#### 4.2.1.2. The Veto Threat Strategy

Documentary evidence shows that invoking the veto threat played a salient role in the EP's strategy. In fact, the EP used the threat from the very beginning of the MFF process: Its first resolutions in March 2018 already warned about it. Hence, leveraging its ability to veto part of the package was always part of the EP strategy rather than the result of a failed attempt at persuasion. Some form of veto threat appears in 22 (34.92%) of the press releases issued during the negotiations. Moreover, several resolutions and parliamentary documents reflected this idea.

Interviewees confirmed that the MFF veto was part of its negotiating repertoire (32). Even though they coincide in that the EP was more prepared to veto the MFF and rule of law conditionality regulations and less so the RRF (33). The ability to veto the MFF was used not only to try to advance on policy priorities, but also to acquire

a larger role in allocation of the funds in the MFF, going beyond the formally accorded role (34). The broad intergroup consensus, explained below, reinforced the credibility of the veto threat.

However, interviews consistently mention a factor that weighed against using the veto and blocking the negotiations: the costs of failing to reach an agreement soon. These costs, which were related to the reaction from public opinion and to a sense of urgency for the arrival of the money, decreased the willingness of the EP to effectively veto the RRF (35).

#### 4.2.1.3. Intergroup Consensus

The evidence examined shows significant coordination among the EP's political groups. Thus, five of the main political groups (EPP, S&D, Renew, Greens, and GUE/NGL) united and held a common bargaining position at the beginning of the negotiations (reflected in joint letters, press releases, resolutions, etc.), although GUE/NGL ended up abandoning the common front (36). Moreover, the votes on the EP resolutions confirm the existence of a clear parliamentary majority, gaining the support of 60–70% of the MEPs. In fact, one interviewee considered the majority obtained in Committee on Economic and Monetary Affairs (ECON) and Committee on Budgets (BUDG) unprecedented (37). Finally, these groups explicitly declared their commitment to veto the agreement if it was necessary (letter sent by the presidents of five EP political groups—EPP, S&D, Renew, Greens, and GUE/NGL—to the EU CO), conditioning approval of the package on the incorporation of some of the EP's priorities.

The presidents of the five largest groups as well as the interviewees perceived the broad consensus as a strong negotiating element (38). Additionally, interviewees acknowledged the existence of a broad consensus as a necessary tool to negotiate with the Council (39). Interviewees indicate that the intergroup consensus was reinforced with the inclusion of the Greens (40). In the early stages of negotiations (i.e., March 2020), this group was not aligned with the three main groups (41). One interviewee reports that the appointment of a new rapporteur played a major role in the inclusion of the Greens to the united front (42). Additionally, the Greens perceived that intra-group differences in the EPP and Renew could prevent a sufficient majority (43), which rendered support from the Greens even more important. This assessment was also shared by an interviewee from the S&D (44). Moreover, two interviewees from the Greens believed that bringing the group to the table increased the green credentials of the whole package (45). As for other groups, ECR tried to adhere but did not find compromise points (46), whilst an interviewee from ID reports his exclusion from the negotiations and a lack of access to information (47).

According to interviewees, consensus was forged by incorporating topics in the package relevant to the

different groups (48), while excluding those that could be too divisive (49). Interviewees described the negotiations to establish a common position as very difficult, involving concessions that provoked intra-group tensions (50). Interviewees also highlighted the differences in policy priorities (51), and one of the interviewees explained very clearly that achieving consensus at the committee stage was crucial because it preserved the substantive interests of the different groups (52). For this, interviewees argued that personal relations among rapporteurs played a very important role and were facilitated by maintaining the prior negotiating team from the Reform and Support Programme in the previous legislature (53). Some MEPs suggested that having rapporteurs from member states set to profit more from the facility helped consensus (54). Finally, interviewees agreed that governance of the new RRF was one of the points of consensus among groups (55).

However, interviewees also mention the links with national governments as a limit to intergroup consensus. Interviewees perceived that national needs played a significant part in the calculation of the agreement among parties (56). Similarly, being in the opposition also played a role in the behaviour of some parties (57). Moreover, according to the interviewees, these limits on consensus also applied to governance mechanisms, particularly to scrutiny of the national recovery plans (58).

#### 4.2.1.4. Commission–EP Alliance

Despite precedents and a few references included in the press statements to support the Commission or express common interests (59), interviewees coincide in saying that the Commission was not an ally in this specific negotiation. Rather, they perceived the Commission as following the Council's interests (60), particularly on issues related to governance. However, interviewees reported that the Commission was supportive of the EP's position on certain policy issues, e.g., climate (61). One MEP noted that the relationship also depended on who the Commission's negotiator was (62). According to the interviews, lack of support on governance mechanisms happened because the Commission wanted to preserve its autonomy in implementing measures within the RRF (63).

#### 4.2.2. The Limits to Power Maximisation and the EP's Pragmatism: If You Do Not Get Governance, Take the Money

As we discussed in the previous section, the strategies of the EP faced a series of conditions that limited their influence, which partially explain why the EP failed to obtain further concessions. However, a piece of the puzzle is still missing. Why did the EP opt for settling for smaller gains instead of trying to use tougher strategies in an attempt to maximise its powers? Why did the EP opt for pragmatism instead of maximisation?

Interviewees explain the EP's renouncement of seeking additional account-holding powers by combining several aspects. Firstly, the facility itself was an old EP aspiration and, hence, having it and participating in its design already signified a success (64). Moreover, other parts of the budgetary package (i.e., the MFF and rule of law regulation) emerged as a priority, especially increasing the size of available funds (65). Moreover, several MEPs pointed out the EP's success in this regard (66). Given that these demands were partially satisfied, the EP had fewer incentives to block the RRF or any of the other pieces of the package under negotiation.

Secondly, interviewees agree that the most influential governance mechanism, i.e., the possibility of the EP voting on national recovery plans via voting on delegated acts, was unachievable (67) and three of them concede that it was overambitious (68). Moreover, interviewees state that they perceived the Council's position on this issue as unmovable and that this marked the limit to what the EP could achieve (69). Several interviewees attribute this inflexibility to the sensitive nature of the Council's July agreement (70). One interviewee put it more bluntly, mentioning the asymmetry of powers between the Council and the EP (71). Additionally, interviewees also assign an important role to the German presidency in keeping an inflexible position (72).

Against this unified front on the Council, the EP consensus was more limited on this issue. Thus, several interviewees report that, in fact, they were not totally convinced as to the wisdom of fully involving the EP in the main instrument of RRF governance, i.e., scrutinizing each national recovery plan. The former statement is fully subscribed by the S&D interviewee (73). Nonetheless, second-preferred solutions still gave the EP a preeminent role in governance terms (74).

The EP still had tools to seek a more ambitious deal, even when timing was working against it. Thus, ultimately it could have opted for tougher strategies, such as vetoing or delaying the approval of part of the package. However, in the context previously described, particularly when internal divisions started to arise, these threats were less credible and less feasible. Moreover, the actual use of these strategies (assuming the EP was willing and capable of implementing them) posed two additional problems. Firstly, MEPs perceived the political, reputational, and economic costs of such moves as too high. Thus, interviewees recognised that they were reluctant to implement these strategies given the need to respond to the emergency and out of concerns regarding the perception of public opinion (75). Secondly, MEPs were unconvinced that the use of tougher strategies would guarantee a better outcome. Instead, they could endanger the implementation or success of the facility, an old aspiration of the EP (76).

Moreover, taking the appearance of mentions in EP press statements as a proxy of the salience given to the issue, governance was not the main demand of the EP (being outnumbered by policy concerns, rule of law, size

of the MFF, or own resources). Additionally, seven interviewees argue that the RRF regulation was not really the end of the negotiation. Instead, they believe that the real battle for governance is yet to come and that they will be able to expand the role of the EP (77). Such a perception also contributes to explaining why the EP was not willing to embark on a costly political battle over an issue that could be discussed later on.

Given the lack of receptiveness on the governance side, EP negotiators looked for alternative concessions within the design of the RRF (78). Interviewees report that on the policy side, the heterogeneity of preferences among governments gave them the opportunity to exploit divisions in the Council (79). Hence, interviewees believe that the outcome of the negotiations includes significant policy gains for the EP (80).

All this seems to point to the notion that the EP could have pressed for further gains on governance, but it was uncertain about its ability to extract a more favourable outcome and was not willing to pay the costs of using tough strategies. Therefore, rather than attempting to maximise its powers, it opted for pragmatism, extracting as many concessions as it could in other areas and settling for smaller gains on governance.

## 5. Conclusion

The RRF negotiations are among the most difficult the EP has faced, due to the number of interconnected issues and the amount of funds under discussion. The EP obtained important policy concessions regarding the RRF (i.e., spending priorities), but failed to obtain a major role in its governance. Thus, its accountability and scrutiny powers over the recovery funds are limited. Nonetheless, the EP did obtain an important concession in terms of governance when the EU institutions agreed to give the EP a seat at the table. Thus, the Parliament's involvement in the design of the RRF and the procedure used to approve it was not guaranteed in the beginning.

We have also provided compelling evidence that the EP acted as a rational actor during these negotiations, implementing several strategies in an attempt to reinforce its bargaining position and increase its influence. Thus, the empowerment of the EP (as limited as it may be judged) was the result of a rational negotiator that systematically pursued its own empowerment.

Nonetheless, we have also found that the EP renounced using tougher strategies in an attempt to maximise its powers, settling for smaller gains. Thus, some conditions favoured the EP's pursuit of a more ambitious outcome. The coincidence of a package of four interlinked dossiers (MFF, own resources, rule of law conditionality, and RRF) led quite naturally to issue linkage that allowed the EP to transfer its procedural powers among them. Additionally, the EP could feint with a veto and the existence of a large supporting parliamentary majority, and its high level of intergroup consensus reinforced the credibility of a veto. Moreover, the structure of the

events and the existing institutional arrangements also seemed to benefit the EP. For instance, on November 5, the Council and the EP struck a deal and the former accepted—although vaguely—some of the most controversial points, such as the rule of law mechanism.

However, timing conditioned the ability of the EP to force an outcome favourable to its best governance option on the RRF. Having closed the MFF and own resources dossiers first, the EP risked taking on huge public opinion costs by appearing to be the institution vetoing the arrival of much needed funds if it pushed its governance demands for the RRF. Thus, the opposition of the Council, the lack of support from the Commission, and some underlying cracks in the unity of negotiators regarding the governance (i.e., the EP's control on the national recovery plans) concur to explain why the EP did not push for its main governance demand. In the face of all these constraints, the EP decided to settle for smaller gains (of all kinds) in order to avoid a high-cost political fight and acted as a pragmatic negotiator.

However, the story may not be over, as several MEPs have reported that the fight over governance is yet to come. The EP has a long history of using newly acquired prerogatives (as limited as they may seem) to further extend them and expand its role. With that in mind, the contribution of our article is threefold. First, it adds evidence to the debate about the self-empowerment of the EP (Farrell & Héritier, 2007; Héritier et al., 2015; Hix, 2002). Second, it offers a more nuanced version of the rational institutionalist argument. Thus, our findings show that the EP acted as a rational actor during the MFF–RRF negotiations, but one that ultimately emerges as a pragmatic negotiator rather than as a pure power maximiser. Finally, it provides original data (including 13 interviews with key decision-makers involved in the negotiations) on a very recent and very relevant policy development, opening venues for further research.

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## Conflict of Interests

The authors declare no conflict of interests.

## Supplementary Material

Supplementary material for this article is available online in the format provided by the author (unedited).

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Article

## The EU's Recovery and Resilience Facility: A Next Phase in EU Socioeconomic Governance?

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### Abstract

The European Semester (Semester) was implemented a decade ago. Ample research has addressed the Semester's development, including some major changes in processes and content (Verdun & Zeitlin, 2018). The Covid-19 crisis seems to mark the next stage in the evolution of the Semester. It connects the Semester with the wider Recovery and Resilience Facility (RRF) and links its country-specific recommendations to conditional financial support. Thus, the next stage of the Semester suggests a stronger and more deliberate interlinkage of different EU tools that jointly guide national socioeconomic policies. It should support both national public investment and reforms while focusing on meeting the EU priority of moving towards a climate-neutral, digitalized, and resilient Europe (De la Porte & Dagnis Jensen, 2021). This article addresses the question of what room the new-style Semester gives to the involvement of national-level actors, such as national parliaments. Therefore, it expands existing analytical frameworks in order to assess the RRF in connection to the Semester, focusing on the degree of obligation, enforcement, and centralisation. Jointly, this outlines the room the RRF gives to the participation of national actors in the Semester. The article concludes that although the national parliaments are not mentioned in the Regulation establishing the RRF, they could claim a role both in developing national plans for accessing financial support as well as in amending and approving reforms.

### Keywords

European Semester; European social policy; national parliament; Recovery and Resilience Facility

### Issue

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### 1. Introduction

This article deals with the next stage in the evolution of the European Semester (Semester) which is marked by its interlinkage with the Resilience and Recovery Facility (RRF). Tying the Semester to a new EU instrument, among others, adds conditional financial support as a new way to drive national reforms. This article assesses the room the Regulation establishing the RRF (EU, 2021) leaves for national actors, in order to influence the design and implementation of reforms, including reforms as suggested by the Semester's coordination practices. The article is structured in six parts. In the

next section, it summarises the developments in the first decade of the Semester's existence, emphasising its ability to adapt to new and country-specific goals as well as its (growing) practice of including actors across governance levels in the different stages of policymaking. Section 3 turns to the current development of tying the Semester to the RRF, focusing in particular on the quite novel instrument of using financial conditionality as a way to drive national reforms. Section 4 gives theoretical starting points for the assessment of this new phase of the Semester, while Section 5 analyses the Regulation establishing the RRF (in terms of the room for stakeholder involvement) assessing the degree of

obligation, enforcement, and centralisation. Section 6 presents the conclusions.

## 2. The First Decade of the Semester

The Semester may be labelled as quite an innovative governance model that evolves or adapts to new socio-economic challenges and governance ideas (Verdun & Zeitlin, 2018). Its inception in 2011 was a firm reaction to the challenges posed by the large financial and economic crisis of 2008–2013. Stricter rules on maximum debt and deficits should improve national compliance with EU rules, while suggestions for structural reforms should improve the economic and financial position of member states. Accordingly, the EU reinforced the Stability and Growth Pact (SGP) and introduced the Macro-Economic Imbalances Procedure (MIP). The Semester unites the MIP and the SGP, and adds social and employment coordination. It thus creates a single time frame for coordination activities in the wider socio-economic domain (Bekker & Klosse, 2013). Accordingly, the Semester hosts several coordination mechanisms, each consisting of different methods to drive or force member state reform, including semi-binding and non-binding rules, political discussions, the exchange of ideas, scoreboards with quantitative indicators, and qualitative analyses. The result is that the degree of direct impact of the Semester on member states depends on the policy topic at hand, the country concerned, the assumed urgency for reform, and the input of national and EU-level stakeholders (Bekker, 2021). One of the outcomes of the Semester is a list of country-specific recommendations (CSRs) which gives reform suggestions to member states. These CSRs may stem from the SGP, MIP, or the softer employment and social policy coordination.

During the first decade of its existence, the Semester sparked quite fierce debates on legitimacy, national autonomy, effectiveness, and the domination of economic over social goals (Chang et al., 2019; Copeland & Daly, 2015; Crum & Merlo, 2020; De la Porte & Heins, 2015; Vanheuverzwijn & Crespy, 2018; Verdun & Zeitlin, 2018; Woźniakowski et al., 2021). Moreover, quite a number of countries, those in dire need of financial support, were taken out of the Semester coordination activities and placed in even stricter programmes. For instance, Greece, Portugal, Ireland, Latvia, Hungary, Romania, Cyprus, and Spain entered into bailout programs that entailed loans upon reform conditions, laid down in a Memorandum of Understanding (Jacoby & Hopkin, 2020). The detrimental effects of these reforms on both fundamental social rights and democratic standards have been heavily criticized (Kilpatrick & de Witte, 2014). However, non-programme countries, that remained in the Semester coordination cycle, such as Italy, also received “important EU instructions with a social focus” which put additional pressure on them to reform (Kilpatrick & de Witte, 2014, p. 2), or faced similar pressure to reform given their dire financial situation

(e.g., Slovenia; see Munta, 2021). It raised questions, for instance by the Parliamentary Assembly of the Council of Europe (2012), that called for a reorientation of austerity programmes in order to prevent the undermining of democratic standards (Kilpatrick & de Witte, 2014).

Over time, the Semester adapted to the increasing call for a more social Europe, while policymakers learned how to engage in the Semester processes (Zeitlin & Vanhercke, 2018). After 2015, important changes were made to the Semester, including extending the coordination cycle to a full year. In the first semester of each year, the European Commission proposes, and the Council endorses, targets and guidelines. Next, in the second Semester, policy guidance should be translated into national policies and legislation (Papadopoulos & Piattoni, 2018). These changes in the Semester aimed to give national governments more time to involve national parliaments, social partners, and other stakeholders in discussing policy measures vis-à-vis national budgets and accordingly improve national ownership (Alcidi & Gros, 2017; Vanheuverzwijn & Crespy, 2018). Jointly, the Semester’s characteristics of being adaptable, using a combination of several hard and soft legal instruments, and including actor involvement across governance levels, make the Semester hard to define when using simple binary distinctions. Its operation lingers somewhere between the economic and the social, the supranational and the intergovernmental, and the technocratic and democratic poles of EU governance (Verdun & Zeitlin, 2018). Thus, the Semester may be an excellent example of multilevel governance, involving the dynamic interaction of EU-level and national-level actors (Cardwell & Gaglia Bareli, 2020). National government representatives, trade unions and employers’ associations, and parliaments may all play a role at the different stages of the coordination process, influencing norm-setting, policy design, implementation, and evaluation. Although the role of actors is growing, their role could be strengthened considerably, including the role of national parliaments (Crum, 2018; Eurofound, 2016; Munta, 2021; Sabato et al., 2017). Also, a sense of national ownership of the Semester seems somewhat lacking among national stakeholders, particularly national parliaments, although there is variation across countries (Vanheuverzwijn & Crespy, 2018). Yet, proper stakeholder involvement could facilitate the striking of a balance between social and economic goals, as well as between the national and international views and democratic and technocratic forces. The next section addresses what seems to be the next stage of the Semester, as European efforts to recover from the Covid-19 pandemic have had an impact on the Semester.

## 3. The Next Stage of the Semester

The impact of the Covid-19 pandemic might mark the next stage in the Semester’s evolution because the Semester plays a role in the newly installed RRF.

The Regulation establishing the RRF (12 February 2021) gives member states access to grants and loans. The RRF is part of the Next Generation EU (NGEU), the EU's fiscal and policy response to the Covid-19 pandemic, aiming to rebuild a Europe that is greener, more digital, and more resilient. The NGEU is completely new and set out to be a temporary recovery instrument encompassing €750 billion (De la Porte & Dagnis Jensen, 2021). Within the NGEU, the RRF offers €672.5 billion in loans (€360 billion) and grants (€312.5 billion) to member states to support their reforms and investments. The tone with which these new instruments are introduced seems quite 'investment' and 'human' friendly, thus contrasting with the former 'austerity' recipe during the financial crisis (Antonucci & Corti, 2020). Additionally, it breaks with former EU ideas to avoid common debt issuance and will create redistribution across member states through grants (De la Porte & Dagnis Jensen, 2021). Glancing at reactions in some of the member states, there seems to be a great deal of political attention given (e.g., Poland, Italy), although this does depend on the country and its political situation (e.g., little discussion in the Netherlands; compare Dutch Government, 2021; Fleming et al., 2021; Kość & Tamma, 2021). Moreover, at times countries seem to struggle with preparing streamlined plans that meet the detailed expectations of the EU, for instance on stakeholder involvement and ensuring transparency in the process (Jakubowska et al., 2021).

The RRF and the Semester are 'intrinsically linked' (European Commission, 2021a). In 2021, the deadlines of the two mechanisms will overlap. Moreover, the Semester is adjusted temporarily, releasing some of the reporting pressure on countries. Furthermore, financial support is conditional on reform as recommended by the CSRs. Generally, CSRs encompass many different socioeconomic policy areas, and may focus on recovery from the crisis, but also try to address longer-term goals such as the EU's Green Deal, a digital transition, and establishing inclusive societies. In 2021, no structural CSRs will be given to member states that have submitted national recovery and resilience plans (NRRPs). Instead, older CSRs play a role, meaning that member states' reform plans need to meet the reform suggestions given in 2019 and 2020.

Despite these changes being presented as temporary, the aspect of conditionality is worth exploring, as it builds on experiments with conditionality in the past. Moreover, tying the Semester to the RRF opens up discussions on solidarity among member states. It creates the need to have parliaments involved when deciding on financial support related to the expectance of certain (socioeconomic) reforms. Normally, financial solidarity between member states would require enhanced input of national parliaments, as redistributive aspects necessitate collective will-formation, ensuring that decisions may be justified to those who will have to deal with the negative consequences of redistribution (Crum & Merlo, 2020). However, previous examples of national

parliaments being bypassed and pressured into massive reforms as a condition for loans, as happened in the bail-out countries during the financial and economic crisis, raised criticism concerning the impact on fundamental social rights and democratic standards (Kilpatrick & de Witte, 2014). Moreover, the idea that national reforms can be bought is quite problematic, certainly given the national competencies and demands of the electorate (Alcidi & Gros, 2017).

Moreover, a range of difficulties exists when steering top-down in complex and politically sensitive issues. For instance, reform effects in the socioeconomic domain are hard to predict, as well as the cause-and-effect of reforms (or a lack of reforms). Some reforms require long-term planning in dialogue with relevant stakeholders, making expectations of quick implementation unrealistic and even undesired (Bekker, 2017; Wieser, 2020). Given this complexity, the measurement of the implementation of CSRs is likewise difficult, not the least because CSRs often collate different priorities and policy areas (Alcidi & Gros, 2017; Wieser, 2020). This questions the harsh verdicts given on the low effectiveness of the Semester in terms of quick and complete implementation of the reforms suggested by the CSRs. While CSRs have not always been at the centre of attention of national policymakers (Wieser, 2020), the purpose of the Semester is to engage in joint exploration and recursive learning among member states and the European Commission, on multi-dimensional objectives, allowing for provisional solutions to uncertain problems in diverse national contexts (cf. Zeitlin, 2016). In the latter case, fast and simple compliance with CSRs might not only be unrealistic but also is not the main purpose of the coordination process. Rather, creating conditions for member states to set course to meet longer-term goals would be the purpose, such as meeting the three 2030 headline targets agreed on at the Porto Social Summit (May 2021): Having at least 78% of people aged 20 to 64 in employment, at least 60% of all adults participate in training every year, and lowering the number of people at risk of poverty or social exclusion by at least 15 million, including at least 5 million children. Indeed, the set-up of the Semester purposely includes that effects are mediated by the national decision-making procedures (Crum, 2020). This allows national actors to suggest alternative policy solutions to the Commission (Bekker, 2021). The question thus is, what the impact is of tying the Semester to the RRF, particularly on the role of national actors. Would it make the Semester more of a supranational structure, or would it keep valuing the Semester as a process that lingers somewhere in-between intergovernmental and supranational (Verdun & Zeitlin, 2018)?

Costamagna and Goldmann (2020) fear that the availability of a large sum of money enhances the Commission's capacity to exercise national policy formulation, supervision, and guidance on issues that belong to the core of national economic and social policies. Expectations that the European Commission would not

wait for member states to submit their NRRPs, but rather play an active part already in their formulation (Costamagna & Goldmann, 2020), seem to have come true. The European Commission (2021b) says that the NRRPs have been handed in after an ‘intensive dialogue’ between the European Commission and national authorities. Spanish trade unions have complained about the interference of the European Commission in national social dialogue on plans for the RRF (European Trade Union Confederation, 2021a). Thus, if the link between the Semester and the RRF means prescribing reforms and predicting reform effects, this would require active attention to, and the influence of national stakeholders. This article sheds light on the room that the Regulation establishing the RRF offers to national stakeholders. Therefore, it first expands existing analytical frameworks to assess the Semester ‘new style,’ looking at the degree of obligation, enforcement, and centralisation. Before analysing the Regulation establishing the RRF, the next section first gives an analytical framework in order to structure the assessment.

#### **4. Theory: Involvement of National-Level Actors in New EU Governance**

Changes in EU governance during the Covid-19 crisis make it important to determine what changed, for instance in terms of policies and who governed in what ways (Schmidt, 2020). Do the changes add up to a paradigmatic shift toward deeper European integration? Are these changes incremental, is there a reversal toward dis-integration, or does it depend on the policy area at hand (Schmidt, 2020)? Generally, new EU governance models, such as the Semester, might be difficult to capture using a single theory on EU integration (Hooghe & Marks, 2019; Scharpf, 2002; Schmidt, 2018; Verdun & Zeitlin, 2018). A combination of different theories might be more appropriate to understand and explain all the different mechanisms that operate in a multilevel setting where actors interact, and where different hard and soft law norms are combined. Scharpf (2002) uses insights from four theoretical strands for an assessment of modes of multilevel interaction. The first is ‘mutual adjustment,’ where national governments are makers of their own national-level policies. They do not do this in isolation but may respond to the policies of other governments or countries. This mode leaves ample space for national actors, such as parliaments, to influence decision-making. A second mode of multilevel interaction is ‘intergovernmental negotiation,’ which institutionalises interaction to some degree, albeit in a limited way. Here, national governments agree to coordinate or standardise national policies at the EU level. However, they remain in full control of their decision-making process, which thus includes a role for national parliaments. In the third and fourth modes of multilevel interaction are ‘joint decision’ and ‘hierarchical direction’ where the role of the EU level is larger (Scharpf, 2002). Joint decision

combines elements of intergovernmental negotiation and supranational centralisation. Hierarchical direction centralises competencies completely to the EU-level and supranational actors, excluding national governments from participation. Schmidt (2018) includes the role of the parliament more directly in her depiction of new EU governance. Departing from grand theories on EU integration (intergovernmentalism, supranationalism, and parliamentarism), Schmidt (2018) calls for a widening of the scope of analysis beyond a focus on which actor exercises which kind of power. Rather, empirical analyses should establish which kind of power or combination of powers are relevant in a given case, capturing elements of politicization and dynamic interaction among both intergovernmental and EU level actors (Schmidt, 2018). This includes general political interests, for instance on how national electoral politics affect EU level decision-making (Schmidt, 2018). This article builds on such ideas by using an analytical framework that is nuanced enough to distinguish degrees of more centralised and less centralised multilevel interaction, even within one coordination mechanism. This is especially useful when exploring the Semester, which never becomes totally supranational or totally national (Verdun & Zeitlin, 2018). At the same time, depending on the topic, the country, and the year of scrutiny, the Semester may shift to becoming ‘harder’ or ‘softer’ in its coordination (Bekker, 2021).

Building on degrees of ‘hard’ and ‘soft’ law coordination, while encompassing the new element of conditional financial support (see also De la Porte & Heins, 2015), it seems worthwhile to explore the degree of bindingness of CSRs. Developing the work of Abbott et al. (2000), Saurugger and Terpan (2021, p. 1) judge the nature and content of acts and norms by placing them on a continuum. Accordingly, they define soft law as “based on a continuum running from non-legal positions to legally binding and judicially controlled commitments with, in between these two opposite types of norms, commitments that can be described as soft law.” Two criteria, obligation and enforcement, further establish the degree of softness of a norm. These criteria may be complemented by the degree of centralisation, particularly when exploring the Semester (Bekker, 2021; De la Porte & Heins, 2015; see Table 1). The degree of obligation arises from the nature of the act (on a scale from hard obligation to no obligation) and the content of the norm (the degree of clarity and/or density of a norm). The degree of enforcement depends on whether acts or norms within acts are submitted either to judicial control or to a very constraining form of non-judicial control and allows one to take into account a range of mechanisms that ensure that actors fulfil obligations or achieve the assigned goals. It thus includes delegation to a third party, as well as different procedures and instruments such as guidelines, standards, and instructions (Saurugger & Terpan, 2021). Conditional financial support could be part of the assessment of the degree of enforcement, which was in the case of the programme

countries in the financial and economic crisis judged as very high (De la Porte & Heins, 2015). The degree of centralisation depends on whether proposed policy changes are uncontroversial (e.g., minor vs. major policy changes), and the degree of involvement or influence of national actors in drafting or implementing CSRs (Bekker, 2021). De la Porte and Heins (2015, p. 7) address this when assessing the type of objective of EU policy suggestions, letting these range from a low to a very high degree of EU involvement. Moreover, they note that EU policy objectives differ according to welfare state type and policy area. Exactly these kinds of tailored policy suggestions in CSRs, their variation from year to year, as well as the national input in the drafting stage of CSRs, make it debatable that this feature should be placed under the heading of centralisation (see Bekker, 2021). After all, if a CSR were effectively drafted by a member state, and shaped according to its national plans, that CSR would reflect their national policy agenda rather than the European Commission's demands. In case of low centralisation, national governments, parliaments, and social partners may influence suggested reforms, both in the phase of articulating which reforms to prioritise in CSRs, and how these reforms should be designed and implemented. More centralisation would mean less national level influence, e.g., moving toward joint decision or hierarchical direction models. Likewise, CSRs may come across as less centrally driven if they refer to minor

policy changes in uncontroversial areas. An example of the opposite: a large reform, would be past CSRs calling for the decentralisation of national systems of wage-formation (De la Porte & Heins, 2015).

The next section further explores conditional financial support as a tool and its consequences for the degree of pressure stemming from the Semester's CSRs.

#### 4.1. Analysing Conditional Financial Support

Historically, conditionality has hardly been used in the setting of the EU (Jacoby & Hopkin, 2020). Rather, international organizations such as the International Monetary Fund, have used it when giving loans to countries. In that context, conditionality may be defined as the provision of financial assistance alongside requirements that the debtor meet specific conditions on macroeconomic policy; thus providing benefits in exchange for implementing specific policies along the lines spelt out by an international organisation (Fink & Scholl, 2016, p. 176; Jacoby & Hopkin, 2020). Conditionality should help countries to overcome the problems that caused their dire financial situation as well as ensure that loans are repaid. This conditionality could limit the role of national governments and parliaments to design economic policies as they see fit.

Within the EU, conditionality has become more prominent since the accession of ten new member

**Table 1.** Analytical framework for hardening and softening trends in a Semester linked to the RRF.

Element		Indicators towards softening	Indicators towards hardening
Obligation	Codification	Attaching norm to a non-binding rule: employment OMC	Attaching norm to a binding rule: Moving towards MIP and/or SGP
	Precision	Getting less precise: • Vague description; • General standards	Getting more precise: • Unambiguous rules explaining conduct they require, authorise, or proscribe; • Highly elaborated or dense, detailing conditions of application, spelling out required or proscribed behaviour
Enforcement		Moving towards preventive arm Less frequent policy monitoring Fewer ties with conditional loans and grants	Moving towards corrective arm More frequent policy monitoring More ties with conditional loans and grants
Centralisation		More national actor involvement in drafting a norm Fit with national priorities Uncontroversial, not challenging institutional arrangements, minor policy changes	Less national actor involvement in drafting a norm No fit with national priorities Far-reaching structural reforms, undermining existing institutional set-up, requiring fundamental change

Source: Own conceptualisation, following Bekker (2021), who builds on Abbott et al. (2000), De la Porte and Heins (2015), and Saurugger and Terpan (2021).

states in 2004 and 2007, albeit in quite a specific form: accession conditionality instead of crisis conditionality (Jacoby & Hopkin, 2020). Since 2008, and directly related to the economic and financial crisis, conditionality has been used more widely to drive national reforms, especially in the case of the bail-out programmes of countries that signed a Memorandum of Understanding with the ‘Troika’ of the European Central Bank, the International Monetary Fund, and the European Commission (Theodoropoulou, 2015). This conditionality focused on core state functions in the fiscal, labour market, and social policy domains, and some of the demands had already been recommended within ‘soft’ law coordination prior to the crisis (Jacoby & Hopkin, 2020). However, bail-out countries were taken out of the Semester coordination activities. Within the Semester, the move from the preventive to the corrective arms of both the SGP and the MIP may mean progressing soft CSRs to stricter demands. Conditionality has also become a more prominent tool in the EU’s cohesion funds. Especially after 2014, the EU started adding the requirement to take relevant CSRs into account when designing national programmes, for instance allocating an appropriate amount of funding through the European Social Fund to meeting relevant CSRs (Jacoby & Hopkin, 2020; Viță, 2018). At present, conditional financial support from the RRF is tied, among others, to the CSRs, finding inspiration in the Memorandum of Understanding used in the former crisis. It came into the RRF following negotiations on the broader NGEU in the European Council as part of a package of concessions. The ‘Frugals,’ a group of small, rich countries (the Netherlands, Denmark, Sweden, and Austria), were against debt mutualisation and higher EU budgets (De la Porte & Dagnis Jensen, 2021; Rijksoverheid, 2020). They accepted the RRF as an instrument in the NGEU in exchange for a high level of conditionality for the disbursement of grants and the acceptance by Poland and Hungary of the rule of law as a condition for receiving EU funds (De la Porte & Dagnis Jensen, 2021).

The next section explores how conditionality, as well as the other aspects relating to obligation, enforcement, and centralisation, has been enshrined in the Regulation that established the RRF, and how it took care to include national actors, in particular the national parliament.

## **5. The Regulation Establishing the RRF: Obligation, Enforcement, and Centralisation**

The grants and loans in the RRF are voluntary in nature. However, countries that have been affected more by the crisis, might be in more need of EU funds than those that can finance recovery themselves (Crum, 2020). For each, a maximum of available funding has been calculated. By 17 May 2021, 18 member states handed in an official NRRP (European Commission, 2021a). The Regulation is aware that it introduces a novelty in stimulating national reforms. Its preamble states that as yet, there were no

instruments foreseeing direct financial support linked to the achievement of results as well as to the implementation of reforms and public investments of member states, for instance, responding to the Semester. Moreover, the Regulation addresses its interconnection with other programmes and instruments more than once, for instance referring to the EU Invest programme, other sources of funding and the Semester, and aims to foster synergies (Art. 28). Regarding the Semester, member states have to hand in NRRPs, which are annexed to the Semester’s national reform programmes. The information in these two reports should be coherent, but there should also be consistency with the National Energy and Climate Plans, the European Green Deal and the Digital Agenda, the just transition plans, the Youth Guarantee Implementation Plan, and the partnership agreements and operational programmes adopted under the EU cohesion funds. On top of that, NRRPs need to be consistent with the Semester’s CSRs (Article 17–3 Regulation). For euro area countries, this includes coherence with the most recent euro area Council recommendations. Alignment with the Semester also happens at the monitoring and evaluation stage. This interlinkage of the RRF with other programmes co-determines the reform direction of member states wanting to access grants and loans. The messages in the CSRs are then one of the conditions for receiving financial support, and also feed the evaluation criteria for assessing the use of the grants and loans. How the RRF influences the degree of obligation, enforcement, and centralisation in connection to the Semester, is explored below.

### *5.1. Degree of Obligation*

The Regulation speaks of achieving ‘milestones’ and ‘targets’ of reforms and investments, which need to be set out in NRRPs, written by member states. Such milestones and targets refer to one aspect of obligation: the degree of precision of promised reforms. This degree of precision is substantial, and, as described above, themes are pretty much pre-defined. Article 17 of the Regulation, on eligibility, mentions that NRRPs shall form a comprehensive and coherent package. Article 18–4 sets out a long list of details (covering 20 subsections from a–t). For instance, the plan shall be duly reasoned and substantiated, explaining how the plan contributes to the six priority areas (or pillars) that the EU has defined in Art. 3 of the Regulation. These priorities are a green transition; digital transformation; smart, sustainable and inclusive growth; social and territorial cohesion; health, and economic, social and institutional resilience; and policies for the next generation, children and the youth, such as education and skills. A Commission staff working document gives very detailed guidance and structure for writing the NRRPs, including the elements that the reports should cover and its coherence with EU-level objectives. Moreover, the NRRPs should contribute to meeting the country-specific challenges and CSRs (also

if attached to the excessive imbalance procedure). This aspect may limit the freedom of countries to design their preferred reforms. However, CSRs may be influenced by national actors before they are endorsed by the Council, and moreover leave much room to further flesh out precise reforms at the implementation stage (e.g., Zeitlin & Vanhercke, 2018). Moreover, the Regulation offers scope for member states to propose alternative reforms.

Additional details are requested on the distribution of grants and loans over the EU's priorities. Here, the EU predetermines that at least 37% should be allocated to the green transition and at least 20% to the digital transition. Also, an indicative timetable for implementation, as well as investments to be completed by 31 August 2026 should be part of the NRRPs (Art. 18–4(i)). Additionally, referring to stakeholder inclusion, the plan should summarise the consultation process with which the member state included local and regional authorities, social partners, civil society organisations, youth organisations, and other relevant stakeholders. Interestingly, the plan should be clear about the input of the stakeholders in the NRRPs. Or, as the European Trade Union Confederation (2021b, p. 27) rephrases it, governments should install robust coordination mechanisms, both for the planning and implementation phases, involving social partners. The European Commission staff working document gives more details on how the NRRPs should reflect stakeholder involvement, both in the design and implementation stages. This includes:

The scope (list of consulted social partners, civil society organisations, stakeholders etc.), the type (conference, bilateral, tripartite etc.), and timing of the outreach efforts and whether stakeholders have been consulted selectively on specific components or whether a general consultation has taken place on a comprehensive draft plan. Member States should... explain the envisaged steps to involve and consult the relevant stakeholders in the implementation of the plans overall. (European Commission, 2021c, p. 47)

Importantly, details on required stakeholder involvement also influence the degree of centralisation. This could provide a counterweight to higher degrees of enforcement through conditionality and a final decision-role of the European Council. After all, it seems logical that stakeholder involvement in the design and implementation phases will alter, or even improve on, any previously agreed reform plans (see Bekker, 2021). This flexibility and adaptability could be a feature of the Semester that provides relevant lessons on how to judge promised vs. actual reforms in the light of conditionality and evaluation.

## 5.2. Degree of Enforcement

Regarding delegation to third actors, Art. 19 of the Regulation gives the Commission the task of assessing

the NRRPs (or updated plans) and making a proposal for a Council implementing decision. This assessment is done in close cooperation with the member state concerned. If the Commission requires additional information, the member state should provide it. The Commission may also use country information, gathered within the scope of the Semester. If needed, the Commission could ask a member state to revise its NRRP, as has actually happened (e.g., Jakubowska et al., 2021). The Commission and the member state may agree to extend the deadline for assessment by a reasonable period. The plan is checked against criteria concerning the relevance, effectiveness, efficiency, and coherence of the plans. On a proposal from the Commission, the Council shall approve the assessment of the NRRP, via an implementing decision (Art. 20), viewing the preamble by reversed qualified majority voting. Within this legal set-up, the Council thus gets the final say on approving the NRRPs but also on stalling grants if there are deviations in reaching milestones and targets (Corti & Nunez Ferrer, 2021; De la Porte & Dagnis Jensen, 2021). This option also sidelines the role of the EP (Closa Montero et al., 2021; Crum, 2020). If the Commission's assessment of the NRRP is positive, the proposal for an implementing decision sets out the national reforms and investment projects which the country needs to implement, including milestones, targets, and financial contributions. If the request concerns a loan, the Commission proposal for a Council implementing decision shall also set out the size of the loan and the additional reforms and investment projects to be implemented by the member state, including additional milestones and targets. Moreover, the Commission shall be empowered to adopt, by the end of December 2021, delegated acts (for an indeterminate period, although this may be revoked at any time by the European Parliament or by the Council; Art. 29–4). This empowerment has several purposes referring to the monitoring process, such as the creation of common indicators for reporting progress, and for the monitoring and evaluation of the RRF. Another purpose of having a delegated act is to define a methodology for reporting social expenditure. In order to measure progress, the Commission aims to create a resilience scoreboard (Art. 19). There is thus quite some delegation to the Commission and the Council, especially in terms of assessing whether the NRRP meets the requirements for receiving financial support, and on monitoring progress, with the Council having a final say. In terms of the loans and the governance and management structure, the RRF diverts from the structural funds whose management is shared by the national and regional authorities (Corti & Nunez Ferrer, 2021).

Other elements of enforcement include conditional financial support and the frequency of reporting. As described above, the conditions for grants and loans are tied to EU level priorities, the division in the allocation of funds, and meeting CSRs. The financial assistance is divided into loans and grants (non-repayable financial

support), given in two tranches: 70% of the maximum amount per country until 31 December 2022, and 30% until 31 December 2023. Interestingly, apart from conditional financial support, the RRF is also tied to the expectation that countries meet the rules on maximum debts and deficits. Here, going from the preventive to the corrective arm of the SGP or MIP may have consequences for the financial support given via the RRF. Art. 10 of the Regulation deals with a Commission proposal of a (partial) suspension of the commitments or payments if the Council decides that a member state has not taken effective action to correct its excessive deficit (via the SGP), or excessive imbalances (via the MIP). Priority shall be given to the suspension of commitments, whereas payments shall be suspended only when immediate action is sought and in the case of significant non-compliance. Moreover, the scope and level of the suspension of commitments or payment to be imposed shall be proportionate, respect the equality of treatment between member states and take into account the economic and social circumstances of the member state concerned, in particular its level of unemployment, poverty or social condition, compared to the EU average, as well as the impact of the suspension on the national economy. In sum, enforcement will be harsher if countries move into the corrective arms of the SGP or the MIP and do not take appropriate action according to the Commission and the Council. However, the impact of withdrawing commitments (and in second instance payments) should also be considered.

Furthermore, the preamble of the Regulation addresses that there should be a match between the type of support (loan or grant) and the purpose of the financial assistance. There should also be a match with the costs of controls, the administrative burden, and the expected risk of non-compliance. Accordingly, the non-repayable financial support should take the form of a *sui generis* Union contribution and should be paid based on the achievement of results by reference to milestones and targets of the NRRPs. A decision to disburse the financial contribution may be made, however. Regarding the frequency of reporting and monitoring, Article 27 states that the member state shall report twice a year in the context of the Semester on the progress made, for which also the national reform programmes will be used.

### 5.3. Degree of Centralisation

Counterbalancing the enforcement aspects of the RRF are the parts of the Regulation that explicitly give priority to the national level. The preamble mentions that the NRRPs should not affect the right to conclude or enforce collective agreements or to take collective action. Moreover, the preamble states that the Commission should act in close cooperation with member states and fully respect national ownership of the plan, meaning that it should take into account justifica-

tions and elements stemming from the national level. Moreover, member states may make a reasoned request to amend their plan within the period of implementation, for instance, if objective circumstances justify this. Countries may, moreover, ask the Commission to set up exchanges with other member states in order to share experiences within the drafting stage of their plans (Art. 18–5). Furthermore, the preamble mentions regional and local authorities as potentially important partners in the implementation phase. Therefore, these partners should be appropriately consulted and involved, in accordance with the national legal framework. In addition, member states should be encouraged to seek the opinion of their national productivity boards and independent fiscal institutions. Expenses to hold expert meetings and to consult stakeholders may be covered if these relate to the preparation, design, or implementation of the NRRP (Art. 6). The national parliaments are not mentioned in the Regulation. Also, the first legislative proposals on the RRF contained a marginal role for both the European and the national parliaments, although a (binding) obligation on member states to let their national parliaments approve NRRPs before submitting them to the Commission has been recommended (Crum, 2020; Guttenberg & Nguyen, 2020).

So far, practices concerning stakeholder involvement seem mixed. The European Trade Union Confederation has a real-time monitoring tool on its website, to track down national-level trade union involvement in the drafting and implementation of the NRRPs. It shows that 13 member states do not have such involvement (including those member states who, until that point, had not yet handed in an NRRP; status May 2021). Moreover, the European Trade Union Confederation (2021b) is not satisfied with the quality of involvement in the countries where trade unions were involved. It underlines that whereas the attachment of the RRF to the Semester suggests the involvement of the social partners, neither the RRF Regulation nor the Guidelines issued by the European Commission explain how this should take place. Therefore, the European Trade Union Confederation provides such guidance itself to all policy and decision-makers.

## 6. Conclusion

This article deals with the next stage in the evolution of the Semester: its interlinkage with the RRF. Apart from linking the Semester to a new EU instrument, it adds conditional financial support. Financial support is given if NRRPs meet the predefined topics of the Regulation establishing the RRF, including reform suggestions communicated via the CSRs. This article analyses the degree of obligation, enforcement, and centralisation of the Regulation establishing the RRF. Thereby, it assesses the room the Regulation leaves for national actors, such as the national parliaments, to influence the design and implementation of reforms. Using conditional financial

support is relatively new in the EU. It was used especially during the past financial crisis in bail-out programmes of some member states. This was criticised quite heavily, in terms of it harming democratic standards and social rights. The RRF, set up to recover from the Covid-19 pandemic, seems to differ, advocating an investment instead of an austerity approach. The conditionality in the RRF also diverts from the usual conditionality of loans used by international organisations. For instance, the RRF acknowledges that the economic problems are not caused by national economic policies, but rather by a pandemic, and moreover, does not focus solely on loans, but also gives grants.

Still, the Regulation, has quite a high degree of obligation, not in the least because the requirements for getting a grant or loan are quite precise. Also, the monitoring of results is precise, involving the checking of milestones and targets. The CSRs play a role in setting reform expectations, but a larger set of priorities is relevant as well. This high degree of obligation is counterbalanced somewhat, because national governments may articulate their reform ideas in NRRPs. It gives the national level the opportunity to formulate precise reforms and explain how this fits the national situation best. For national parliaments and social partners, it is of key relevance that they can influence the NRRPs already at this writing stage. On enforcement, the Commission and the Council get quite some influence, including the ability to set the criteria upon which a country's progress is measured. Commitments and payment may be revoked, although the Regulation speaks of exceptional cases. Particularly those countries that perpetually fail to implement reforms under the SGP or MIP could face harsher enforcement. However, future research should assess if this quite strict formulation on paper will be converted into practice. On national actor involvement, including the national parliaments, it is important to bear in mind the priority that the Regulation gives to the national level, which possibly lowers the degree of centralisation. The NRRPs should articulate how the views of a range of national stakeholders are taken into account. While the national parliaments are not mentioned in the Regulation itself, the Commission's staff working document mentions that NRRPs may include the role of national or regional parliaments as well as of the social partners. The Regulation also states that alternative reforms may be advocated, as well as amendments to plans even at the implementation stage. All these aspects taken together, national parliaments and other stakeholders should be quite proactive when wanting to exercise influence in the reform plans that are part of the RRF. They should understand that they can be involved at the NRRPs' writing stage. Moreover, when debating reform proposals in parliament, they should know that alternative reforms may be reasoned for and that NRRPs may be adjusted. Additionally, as the link of the Semester to the RRF increases the relevance of the CSRs, national stakeholders could also improve their say in designing

the CSRs, and thus influence the European Commission's views of reform priorities.

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