SUMMARY

The Inter-parliamentary Conference on Economic and Financial Governance meets for the first time in Vilnius on 16 and 17 October 2013. Its creation was decided by the Speakers of the Presidents of all Parliaments in the European Union in April 2013. This decision was taken quietly, but the idea of an inter-parliamentary conference to ensure some parliamentary exchange and control on questions related to the Economic and Monetary Union (EMU) finally manifests itself at the first meeting of this conference. This Policy Paper analyses the agreement on the Inter-parliamentary Conference on Economic and Financial Governance.

Its first part assesses the functions that an inter-parliamentary conference can fulfil and takes stock of the two other inter-parliamentary conferences in the European Union (see pages 3 to 7): the Conference of Parliamentary Committees for Union Affairs of Parliaments of the EU (COSAC) and the Inter-parliamentary conference for the Common Foreign and Security Policy (CFSP) and Common Security and Defence Policy (CSDP). The size of the delegations sent by national parliaments to these inter-parliamentary conferences varies significantly: there are only a few member states that regularly send six MPs – some member states have only sent an average of two MPs to the last seven COSAC meetings between 2010 and 2013.

In its second part (see pages 8 to 16), the Policy Paper examines the political difficulties to move forward in the institutional minefield of Article 13 TSCG that has enshrined such an inter-parliamentary conference “in order to discuss budgetary policies and other issues covered by this Treaty” and presents key elements of the decision that was taken at the Speakers’ Conference in April 2013. The in-depth analysis of the positions of the different actors is based on documents, working papers, reports and resolutions both from national parliaments and European institutions.

The third part of this paper (see pages 17 to 19) qualifies the agreement on the Inter-parliamentary Conference on Economic and Financial Governance at this stage as a missed opportunity: the institutional design has not been defined sufficiently well. The Policy Paper explains that national parliaments have, once again, failed to be collective actors at the EU level and looks at possibilities to enhance the profile of inter-parliamentary conferences and to make the new conference on Economic and Financial Governance work. The draft of the Rules of Procedure, to be adopted on 16 - 17 October 2013, constitutes a major step towards clarifying the functioning of the conference. Five recommendations in this Policy Paper call for upgrading parliamentary control at every level in order to ensure that parliaments keep up with the future developments towards a “genuine” EMU – thus to make parliamentary control “genuine” as well.

The Policy Paper concludes by affirming the value of establishing this Inter-parliamentary Conference on Economic and Financial Governance in the context of the nexus between solidarity and control in the EMU. In the long-term this conference could turn into the arena where battles are fought about the direction of the Union’s economic policy.
TABLE OF CONTENTS

INTRODUCTION

1. Taking stock of inter-parliamentary conferences in the European Union
   1.1. Functions of inter-parliamentary conferences
   1.2. Conference of Parliamentary Committees for Union Affairs (COSAC)
   1.3. Inter-parliamentary conference for Common Foreign and Security Policy (CFSP) and Common Security and
      Defence Policy (CSDP)
   1.4. Other inter-parliamentary settings in the EU

2. From Article 13 TSCG to the first Inter-parliamentary Conference on Economic and Financial Governance
   (2011-2013)
   2.1. The agreement on the treaty provision of Article 13 TSCG
   2.2. The preferences of the actors involved in the discussions on its implementation
      2.2.1. Herman Van Rompuy: Gradually scaling back the role of national parliaments
      2.2.2. Opposition from the European Parliament and the European Commission
      2.2.3. National parliaments trying to influence the debate
      2.2.4. The proposal in the Luxembourg “working paper”
      2.2.5. Friendly fire from fellow national parliaments
   2.3. The decision taken at the Speakers’ Conference in April 2013
   2.4. Summary

3. How to make the ECOFIN inter-parliamentary conference work better
   3.1. A missed opportunity for an ambitious implementation of Article 13 TSCG
   3.2. Enhancing the profile of the ECOFIN inter-parliamentary conference
   3.3. Recommendations for parliamentary control in a genuine Economic and Monetary Union

CONCLUSION

LIST OF THE FIGURES, TABLES AND BOXES
THE NEW INTER-PARLIAMENTARY CONFERENCE FOR ECONOMIC AND FINANCIAL GOVERNANCE

INTRODUCTION

An inter-parliamentary conference on Economic and Financial Governance has the advantage to pool (and maybe share) parliamentary expertise when sovereignty is pooled or shared already: The institutional architecture of the EMU – with monetary policy as an exclusive competence of the EU and with economic policies that are beginning to be more closely coordinated at the European level, but continue to be national policies and not a common and unique policy – calls for more and better parliamentary control of the actions exercised by the executives (national governments and EU institutions). If in addition to that the EMU becomes more integrated and turns into a “genuine” EMU, “genuine” parliamentary control is necessary to assure democratic control and accountability.

This control can neither be exercised solely by the European Parliament, nor individually by the national parliaments of the member states, even if this is important for the democratic dimension of the Political Union. Only an inter-parliamentary arena, where MPs and MEPs can meet regularly, as a place for discussion and a meeting-point between the democratically legitimised institutions of the EU level and the national level, if designed in an ambitious way and if nurtured properly, can help to reduce the evident gap in parliamentary control.

""THE DECISION TO CREATE AN INTER-PARLIAMENTARY CONFERENCE IS ACTUALLY AN OLD SOLUTION FOR A NEW PROBLEM"

The decision to create such an inter-parliamentary conference in the area of the coordination of fiscal and economic policies is actually an old solution for a new problem (part 1), but the way to Vilnius, where the first meeting of the Inter-parliamentary conference on Economic and Financial Governance takes place on 16 and 17 October 2013, was long and stony (part 2). At this stage, the decision to create the inter-parliamentary conference lacks ambition and leaves many questions unanswered. The draft of the Rules of Procedure provides some responses, but inter-parliamentary conferences need a higher profile and parliamentary control should be enhanced at every level in order to ensure that parliaments keep up with the future developments towards a "genuine" EMU. It is now important to make the new conference on Economic and Financial Governance work (part 3).

1. Taking stock of inter-parliamentary conferences in the European Union

National parliaments have been seen has the “losers or latecomers” on their way to Europe, but they learn “to fight back”. While a lot of inter-parliamentary interaction has been of an informal character, inter-parliamentary conferences stand for formal mechanisms of inter-parliamentary interaction. The Conference of Parliamentary Committees for Union Affairs of Parliaments of the EU (COSAC), the prototype of an inter-parliamentary conference has also been classified as a “deliberative forum”.

1. The author would like to thank Yves Bertocci for very helpful comments on this paper and Olivier Roumenges for very helpful comments on an earlier version of the paper.
The idea to establish inter-parliamentary conferences has reappeared recently, but the decision to create the Inter-parliamentary conference on Economic and Financial Governance is actually an old solution for a new problem. The following sections assess the functions of inter-parliamentary conferences (1.1) and take stock of the two inter-parliamentary conferences that exist already in the European Union: the Conference of Parliamentary Committees for Union Affairs of Parliaments of the EU (COSAC; see 1.2) and the Inter-parliamentary conference for the Common Foreign and Security Policy (CFSP) and Common Security and Defence Policy (CSDP; see 1.3). After that other inter-parliamentary settings will be examined briefly (see 1.4).

1.1. Functions of inter-parliamentary conferences

At inter-parliamentary conferences Members of Parliament (MPs) from national parliaments and Members of the European Parliament (MEPs) meet together in an organised and recurrent setting to discuss topics of common interest.

Inter-parliamentary conferences can fulfil four main functions:

• to control decisions taken at the EU level,
• to counter-weight the decline of national parliamentary sovereignty,
• to find an institutional expression of political support and opposition,
• to socialize MPs in order to Europeanize the control exercised at the national level that is highly nationally framed.

Inter-parliamentary control mainly concerns control that can neither be exercised solely by the European Parliament, nor individually by the national parliaments of the member states: It concerns issues that are partly within the realm of national parliaments, but where the interdependence between member states is high. An inter-parliamentary conference, where MPs and MEPs can meet regularly, as a place for discussion and a meeting-point between the democratically legitimised institutions of the EU level and the national level can enhance parliamentary control. But until now, the political will to let the two existing inter-parliamentary conferences fulfil these function has been limited: the existing inter-parliamentary conferences cannot do miracles.

1.2. Conference of Parliamentary Committees for Union Affairs (COSAC)

COSAC was established in 1989 following an idea by Laurent Fabius, the then President of French National Assembly. At the Intergovernmental Conferences of Maastricht and Amsterdam, where the role of national parliaments and of COSAC was also discussed, member states preferred this model of “joint coordination” to that of only improving domestic scrutiny procedures and that of a more institutionalised involvement of national parliaments. The legal basis is Article 10 of the Protocol 1 annexed to the Lisbon Treaty: “A conference of Parliamentary Committees for Union Affairs […] shall […] promote the exchange of information and best practice between national Parliaments and the European Parliament.” COSAC meets twice a year and is composed of a maximum of 6 MPs per country plus 6 MEPs (see Table 1).
### Table 1 - Structure and Organisation of COSAC

<table>
<thead>
<tr>
<th>Name</th>
<th>Presidency</th>
<th>Composition</th>
<th>Participants</th>
<th>Creation</th>
<th>Frequency</th>
<th>Aims</th>
</tr>
</thead>
<tbody>
<tr>
<td>COSAC – Conférence des Organes Spécialisés dans les Affaires Communautaires</td>
<td>Parliament of the member state holding the rotating Council Presidency</td>
<td>6 MPs per country + 6 MEPs</td>
<td>MPs from Committees specialized in Union affairs, MEPs</td>
<td>1989</td>
<td>twice a year</td>
<td>“A conference of Parliamentary Committees for Union Affairs [...] shall [...] promote the exchange of information and best practice between national Parliaments and the European Parliament” (Article 10, Protocol 1, Lisbon Treaty)</td>
</tr>
</tbody>
</table>

The idea of an inter-parliamentary conference obviously depends on the participation of MPs. An **analysis of the participation at the last seven COSACs** (May 2010: Spain\(^{10}\), October 2010: Belgium\(^{11}\), May 2011: Hungary\(^{12}\), October 2011: Poland\(^{13}\), April 2012: Denmark\(^{14}\), October 2012: Cyprus\(^{15}\), June 2013: Ireland\(^{16}\)) that have taken place since the entry-into-force of the Lisbon Treaty in December 2009 shows a considerable variation across the EU member states:

**Figure 1** - Average number of participating MPs in COSAC 2010-2013

![Average number of participating MPs in COSAC 2010-2013](image)

Source: Own calculations from lists of participants.

While Italy, Austria and Portugal usually send six MPs, other member states only send an average of two MPs (Hungary, Latvia and Malta). There is only a slight tendency to have a higher level of participation of national parliaments that are bicameral, small member states are slightly overrepresented among those that are more likely to send less MPs than the average, and member states that joined the EU in 2004 are also slightly more likely to send less MPs than the average. The data allow concluding that there is a **great variation in the interest of MPs. That can be seen as dangerous for the idea to hold inter-parliamentary conference**, but it must be clear that “horizontal inter-parliamentary relations will not develop into a balanced multilateral interplay including parliaments from all member states on the same footing.\(^{17}\)” The motivations behind participation or absence of MPs at COSAC cannot be analysed here.

---

10. Cortes Generales / Spanish EU Presidency: List of participants, XLIII COSAC, 30/05/2010-01/06/2010, (last retrieved: 06/08/2013)
15. House of Representatives Republic of Cyprus: List of participants, XLVIII COSAC, 14/10/2012-16/10/2012, (last retrieved: 06/08/2013).
As stated in a paper by Gattermann, Högenauer and Huff, future research will be necessary to provide information on who attends inter-parliamentary conferences, how often and why, in order to find out “whether (initial) non-EU specialists become involved more often in [inter-parliamentary conferences], or whether the same faces show up every time rendering European affairs accessible only for a few experts in national parliaments” and “whether a pan-European network of national parliamentarians is emerging - not least due to more frequent and wide-ranging contacts.”

1.3. Inter-parliamentary conference for Common Foreign and Security Policy (CFSP) and Common Security and Defence Policy (CSDP)

Finding an agreement on this inter-parliamentary conference that has succeeded the Assembly of the Western European Union (WEU) was not an easy task. It has been reported that the European Parliament initially claimed 54 out of 162 seats.

The structure and organisation of the inter-parliamentary conference for CFSP/CSDP were agreed at the Speakers’ Conference in Warsaw in April 2012 and it first met in Nicosia in September 2012. Due to its young history, the timeline of participation figures is not long enough, but the comparison with COSAC reveals similarities in the institutional design: 6 MPs per country plus 16 MEPs (i.e. 10 more than in the case of COSAC) plus 4 MPs per NATO and candidate countries (as observers) and with the objective to provide a framework for the exchange of information and best practices and to debate matters of CFSP, including CSDP.

The compromise on this Inter-parliamentary conference has been widely seen as a model which can show the added value in the form of “complementary competences and capacities” of national parliaments and the European Parliament – as long as Departmental Select Committees of national parliaments “have sufficient EU expertise, as well as a keen understanding of the broad contours of European policy as well as legislation.”

Table 2: Structure and Organisation of COSAC and the Inter-parliamentary Conference for CFSP/CSDP in comparison

<table>
<thead>
<tr>
<th>INTER-PARLIAMENTARY CONFERENCES IN THE EUROPEAN UNION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>COSAC – Conférence des Organes Spécialisés dans les Affaires Communautaires</td>
</tr>
<tr>
<td>Inter-parliamentary Conference for CFSP and CSDP</td>
</tr>
</tbody>
</table>

---

1. National Parliaments of EU candidate countries and European member countries of NATO can be represented by a delegation composed of 4 observers.


---


1.4 Other inter-parliamentary settings in the European Union

An inter-parliamentary conference, where MPs and MEPs can meet regularly, as a place for discussion and a meeting-point between the democratically legitimised institutions of the EU level and the national level, can enhance parliamentary control. But there are other inter-parliamentary settings which occupy less prominent places in the realm of inter-parliamentary cooperation. They are usually organised by the European Parliament and its Directorate for Relations with national Parliaments, at times jointly with the national parliament of the respective country holding the Council Presidency, or in the case of the Speakers Conference and of meetings between the Chairpersons of Committees solely by the respective national parliament.

This brief overview shows that a broad variety of inter-parliamentary cooperation in the EU-28+1 exists and is being used. In the domain of Economic and Financial Governance, two examples are a meeting on the “European Semester for economic policy coordination: implementation of 2013 priorities” as an exchange of views between the ECON committee and national parliaments in Brussels on 17 September 2013 and the meeting of Chairpersons of Finance Committees of EU Member States and the European Parliament that took place in Dublin on 24 and 25 February 2013.25

Box 1 — Other inter-parliamentary settings composed of MPs and MEPs

In addition to the three inter-parliamentary conferences listed under 1.2, 1.3 and 2.3, there are the following other inter-parliamentary settings at the political level:

- The Conference of Speakers of EU Parliaments that gathers the Speakers of the Parliaments of the EU member states and the President of the European Parliament, takes place in April each year in the capital of the national parliament that held the Council Presidency during the second half of the year before; the body which de facto assumes the leading role in inter-parliamentary relations (1 meeting in 2013)
- The European parliamentary week when MEPs and national MPs meet in Brussels to debate the European Semester for economic policy coordination (1 meeting in 2013)
- Inter-parliamentary Committee Meetings on concrete issues or specific draft EU legislation that organised under the sole responsibility of the European Parliament and its committees that take place in Brussels (15 meetings in 2013)
- Meetings between the Chairpersons of Committees of the national parliaments and the European Parliament that allow for a maximum of information with a minimum of constraints that take place in the capital of the national parliament during the respective Council Presidency of its country – these meetings have become policy-specific networks (12 meetings in 2013, incl. 2 meetings of COSAC chairpersons)
- Joint Parliamentary Meetings that are organised jointly by the European Parliament and the national Parliament of the country holding the rotating Council Presidency and that in principle deal with cross-cutting issues (last meeting in 2011)
- Joint Committee Meetings that are organised jointly by the European Parliament and the national Parliament of the country holding the rotating Council Presidency that bring together MPs and MEPs from corresponding committees of common concern (1 meeting in 2013)

iii. There are also meetings at the administrative level (e.g. Secretary generals preparing the Speakers’ Conference, meetings of the EU affairs directors, or networks such as the Interparliamentary EU information exchange (IPEX) and the European Centre for Parliamentary Research and Documentation)
iv. This “week” (linked to the European Semester) will be maintained as one of the two pillars of the new Inter-parliamentary Conference on Economic and Financial Governance (to be called the Inter-parliamentary Conference Article 13) when the conference meets in the fist half of each year.

v. The Inter-parliamentary conference for CFSP/CSDP replaced the meeting of chairpersons of these committees, the same is foreseen in the case of new Inter-parliamentary Conference on Economic and Financial Governance

25. To be replaced by the new Inter-parliamentary conference on Economic and Financial Governance.
26. Sources:

It is also important to see that “the national and European parliaments are [...] free to decide how to organise and promote effective and regular mutual dialogue” and that inter-parliamentary conferences are only the most institutionalised form of inter-parliamentary interaction that also finds its expression in less formal settings.26
All types of committees meet and all policy areas are covered, just to cite two other examples: The Chairpersons of the Committees on Environment Protection and the Committees on State Administration and Local Authorities will meet in Vilnius in order to discuss “Macro-Regional Strategies: Development and Prospects” in November 2013 and the Committee on Civil Liberties, Justice and Home affairs (LIBE) and the Committee on Legal Affairs of the European Parliament invited their fellow committees from national parliaments to discuss “The Stockholm Programme: State of play regarding police and judicial cooperation in civil and criminal matters” in Brussels on 20 June 2013.

These inter-parliamentary settings can help to “provide information and strengthen parliamentary oversight in all areas of competence of the EU”, as stated in the Guidelines of the Speakers’ Conference that were adopted in The Hague in 2004. The ongoing discussions on how to assure the inter-parliamentary control of Europol show that the topic is still evolving, though sometimes slowly. But the new feature of video-conferences with simultaneous translation into several languages that is being put into practice will help to intensify inter-parliamentary cooperation.

2. From Article 13 TSCG to the first Inter-parliamentary Conference on Economic and Financial Governance (2011-2013)

The ideas to have a higher degree of cooperation between the European Parliament and national parliaments in Economic and Financial Governance emerged during the negotiations that led to the Treaty on Stability, Coordination and Governance (TSCG) in December 2011 and January 2012. Later, in the second half of 2012, more and more national and European actors addressed the issue: the main reports on the deepening of the EMU elaborated by EU institutions (European Council President, European Commission, and European Parliament) assessed possibilities to create an inter-parliamentary conference, and in early 2013 different “subgroups” of national parliaments (Speakers of parliament and chairpersons of European affairs committees) drafted working papers and wrote letters. Individual national parliaments also voted resolutions and adopted reports on the issue.

The following sections show that the question of this inter-parliamentary bridge turned into a minefield. During the negotiations on the TSCG, the Article 13 had undergone significant change in the different drafts (see Table 3) and the final wording left room for interpretation. But in order to establish the inter-parliamentary conference on economic and financial governance, Protocol n°1 of the EU treaties and Article 13 TSCG provide a sufficient legal basis. When the ratification process was on its way, national and European actors articulated their preferences and tried to build coalitions in order to implement the treaty article. In the end, a final agreement was reached at the Speakers’ conference in Nicosia from 22 to 24 April 2013. The overall process lasted 22 months, from December 2011 to October 2013.

2.1 The agreement on the treaty provision of Article 13 TSCG

Article 13 TSCG is the product of the intergovernmental negotiations and has undergone significant changes during the negotiating process which indicate that it was difficult to reach an agreement. The treaty article was completely revised twice and was finally agreed as follows:

“As provided for in Title II of Protocol (No 1) on the role of national Parliaments in the European Union annexed to the European Union Treaties, the European Parliament and the national Parliaments of the Contracting Parties will together determine the organisation and promotion of a conference of representatives of the relevant...
committees of the European Parliament and representatives of the relevant committees of national Parliaments in order to discuss budgetary policies and other issues covered by this Treaty.” (Article 13 TSCG)

This wording is completely different to the provision of the 1st draft (see Table 3). The following modifications have been the most significant:

- The original objective of the treaty article was that national MPs “meet regularly” and that this happens “in close association with […] the European Parliament” – but finally the European Parliament became fully involved: “the European Parliament and the national Parliaments of the Contracting Parties will together determine the organisation and promotion” of this “conference”.

- Only from the 4th draft onwards an explicit link to existing inter-parliamentary structures was drawn: “As foreseen in Title II of Protocol (No 1) on the role of national Parliaments in the European Union annexed to the European Union Treaties”.

Membership in the conference also changed: the description of the representatives of national parliaments widened (from the 1st draft to the 3rd draft), before being limited to committee chairs - and being extended again to “representatives of the relevant committees” of both national parliaments and the European Parliament.

The Protocol on the role of National Parliaments in the European Union annexed to the European Union Treaties (to which Article 13 TSCG makes a reference) wants “to encourage greater involvement of National Parliaments in the activities of the European Union and to enhance their ability to express their views on draft legislative acts of the Union as well as on other matters which may be of particular interest to them”. Article 9 of its Title II “Inter-parliamentary Cooperation” states that “the organisation and promotion of effective and regular inter-parliamentary cooperation within the Union shall be determined by the European Parliament and National Parliaments”.

The following article assigns a great responsibility to COSAC: Article 10 specifies that a “conference of Parliamentary Committees for Union Affairs […] shall […] promote the exchange of information and best practice between national Parliaments and the European Parliament, including their special committees. It may also organise inter-parliamentary conferences on specific topics […] Contributions from the conference shall not bind national Parliaments and shall not prejudge their positions”. Together with Article 13 TSCG, the Protocol n°1 to the EU treaties is thus the basis for the future deliberations.

In the end, the wording of Article 13 TSCG had been revised completely and inter-parliamentary cooperation had been clearly linked to the EU treaties - the wording is very similar and Protocol n°1 explicitly mentioned. This is in line with the objective to incorporate the substance of the TSCG into the EU legal framework within five years (Article 16 TSCG). Consequently, much of the determination to establish a powerful inter-parliamentary control steered by national parliaments had been lost during the negotiations.

At the same time a House of Lords EU Committee report on the Euro Area Crisis points out that the final wording contains three major legal ambiguities:

“The opening words ‘As foreseen in’ are puzzling. While the reference to the EU treaties is helpful, the Protocol was not drafted foreseeing its application outside the ambit of those treaties.

The reference to the Protocol also creates an element of ambiguity. The United Kingdom Parliament (and the Parliaments of all EU Member States), of course, participate fully under Protocol 1, while it is not currently envisaged that the United Kingdom (and one other state) will be a party to this treaty—and the reference elsewhere in the Article to ‘the contracting parties’ makes clear that non-signatories will not be involved.

Given that the key subject matter of the treaty is national budgets, for which national governments are accountable to their national parliaments, and that this treaty sits outside the EU treaties, it is not immediately apparent why the European Parliament “will together determine the organisation and promotion” of the conference along with the relevant national Parliaments.”

Table 3 - Wording of Article 13 in the different drafts during the negotiations on the TSCG (December 2011 to January 2012)

<table>
<thead>
<tr>
<th>WORDED OF ARTICLE 13 TSCG IN THE DIFFERENT DRAFTS (JANUARY 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st draft:</td>
</tr>
<tr>
<td>“Representatives of the Committees in charge of economy and</td>
</tr>
<tr>
<td>finance within the Parliaments of the Contracting Parties</td>
</tr>
<tr>
<td>will be invited to meet regularly to discuss in particular</td>
</tr>
<tr>
<td>the conduct of economic and budgetary policies, in close</td>
</tr>
<tr>
<td>association with representatives of the relevant Committee</td>
</tr>
<tr>
<td>of the European Parliament.”</td>
</tr>
<tr>
<td>2nd draft:</td>
</tr>
<tr>
<td>“Representatives of the competent Committees within the</td>
</tr>
<tr>
<td>Parliaments of the Contracting Parties will be invited to</td>
</tr>
<tr>
<td>meet regularly to discuss in particular the conduct of</td>
</tr>
<tr>
<td>economic and budgetary policies, in close association</td>
</tr>
<tr>
<td>with representatives of the relevant Committee of the</td>
</tr>
<tr>
<td>European Parliament.”</td>
</tr>
<tr>
<td>3rd draft:</td>
</tr>
<tr>
<td>“Representatives of the Parliaments of the Contracting</td>
</tr>
<tr>
<td>Parties will be invited to meet regularly to discuss in</td>
</tr>
<tr>
<td>particular the conduct of economic and budgetary policies,</td>
</tr>
<tr>
<td>in close association with representatives of the</td>
</tr>
<tr>
<td>European Parliament.”</td>
</tr>
<tr>
<td>4th draft:</td>
</tr>
<tr>
<td>“As foreseen in Title II of Protocol (No 1) on the role of</td>
</tr>
<tr>
<td>national Parliaments in the European Union annexed to the</td>
</tr>
<tr>
<td>European Union Treaties, the European Parliament and the</td>
</tr>
<tr>
<td>national Parliaments of the Contracting Parties will</td>
</tr>
<tr>
<td>together determine the organization and promotion of a</td>
</tr>
<tr>
<td>conference of the chairs of the budget committees of the</td>
</tr>
<tr>
<td>national Parliaments and the chairs of the relevant</td>
</tr>
<tr>
<td>committees of the European Parliament.”</td>
</tr>
<tr>
<td>5th draft and 6th draft: (Treaty article as signed on 2 March</td>
</tr>
<tr>
<td>2012)</td>
</tr>
<tr>
<td>“As foreseen in Title II of Protocol (No 1) on the role of</td>
</tr>
<tr>
<td>national Parliaments in the European Union annexed to the</td>
</tr>
<tr>
<td>European Union Treaties, the European Parliament and the</td>
</tr>
<tr>
<td>national Parliaments of the Contracting Parties will</td>
</tr>
<tr>
<td>together determine the organization and promotion of a</td>
</tr>
<tr>
<td>conference of</td>
</tr>
<tr>
<td>representatives of the relevant committees of the national</td>
</tr>
<tr>
<td>Parliaments and representatives of the relevant committees</td>
</tr>
<tr>
<td>of the European Parliament in order to discuss budgetary</td>
</tr>
<tr>
<td>policies and other issues covered by this Treaty.”</td>
</tr>
</tbody>
</table>


vii. This draft is no longer available online, but can be requested from the author of this Policy Paper.

viii. This draft is no longer available online, but can be requested from the author of this Policy Paper.

2.2. The preferences of the actors involved in the discussions on its implementation

After the TSCG had been agreed, there was a risk that Article 13 TSCG would be forgotten, but the work by the President of the European Council (in cooperation with the Presidents of the European Commission, the Euro Group and the European Central Bank) addressed the issue and the national ratification processes of the TSCG also served as a reminder “to determine the organisation and promotion” of an inter-parliamentary conference. The following sub-sections provide an in-depth analysis of the positions of the different actors that is based on primary sources like documents, working papers, reports and resolutions both from national parliaments and European institutions.

2.2.1. Herman Van Rompuy: Gradually scaling back the role of national parliaments

The question of the implementation of the Article 13 provision emerged during the reflection on deepening the Economic and Monetary Union and the TSCG ratification process in the second half of 2012: as requested by the Heads of State and Government, the President of the European Council prepared reports with the title “towards a genuine Economic and Monetary Union”. The comparison between the June 2012 report, the October 2012 interim report and the December 2012 (final) report reveals that the role foreseen for national parliaments has been reduced step-by-step.

With respect to the “building block” of strengthening democratic legitimacy and accountability, Herman Van Rompuy’s June 2012 report floated the idea of “joint [inter-parliamentary] decision-making”. The President’s October 2012 interim report lowered the level of ambition: It abandoned the idea of “joint decision-making” and only calls for an increase in “the level of cooperation between national parliaments and the
European Parliament”. His final report of 5 December 2012 puts the role of the European Parliament for democratic legitimacy and accountability at the centre; national parliaments are rather side-lined.

Table 4 – Article 13 TSCG-related content in the reports “Towards a genuine Economic and Monetary Union” (2012)

<table>
<thead>
<tr>
<th>PHRASING IN THE THREE REPORTS “TOWARDS A GENUINE EMU” PREPARED BY THE PRESIDENT OF THE EUROPEAN COUNCIL (JUNE-DECEMBER 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June 2012 report</strong></td>
</tr>
</tbody>
</table>
| “Moving towards more integrated fiscal and economic decision-making between countries will [...] require strong mechanisms for legitimate and accountable joint decision-making. [...] Close involvement of the European parliament and national parliaments will be central, in the respect of the community method. Protocol 1 TFEU on the role of national parliaments in the EU offers an appropriate framework for inter-parliamentary cooperation.”

| **October 2012 interim report** |
| “As a general principle, democratic control and accountability should occur at the level at which the decisions are taken. This implies relying on the European Parliament as regards accountability for decisions at European level but also maintaining and securing the pivotal role of national parliaments, as appropriate. The Lisbon Treaty has already introduced improvements to the EU’s democratic accountability, both for the European Parliament and for national parliaments. A further strengthened role of EU institutions must be accompanied with a commensurate involvement of the European Parliament in the EU procedures. A number of concrete steps to increase the level of cooperation between national parliaments and the European Parliament can also be taken, building on Article 13 of the Treaty on Stability, Coordination and Governance and on Protocol 1 of the Treaty on the Functioning of the European Union, in the respect of the Community method.”

| **December 2012 (final report)** |
| “Decisions on national budgets are at the heart of Member States’ parliamentary democracies. At the same time, the provisions for democratic legitimacy and accountability should ensure that the common interest of the union is duly taken into account; yet national parliaments are not in the best position to take it into account fully. This implies that further integration of policy making and a greater pooling of competences at the European level should first and foremost be accompanied with a commensurate involvement of the European Parliament in the integrated frameworks for a genuine EMU. [...] New mechanisms to increase the level of cooperation between national and European parliaments, for example building on Article 13 of the TSCG and Protocol 1 of the Treaty, could contribute to enhancing democratic legitimacy and accountability. Their precise organisation and modalities are a responsibility of the European Parliament and national parliaments to determine jointly.”


2.2.2. Opposition from the European Parliament and the European Commission

In the meantime the European Parliament adopted its own report in November 2012 (drafted by Marianne Thyssen), where the possibility of creating a mixed parliamentary body is described as “both ineffective and illegitimate”:

“While reaffirming its intention to intensify the cooperation with national parliaments on the basis of Protocol No 1, [it] stresses that such a cooperation should not be seen as the creation of a new mixed parliamentary body which would be both ineffective and illegitimate on a democratic and constitutional point of view; [it also] stresses the full legitimacy of the European Parliament, as parliamentary body at the Union level for a reinforced and democratic EMU governance.”

In its “Blueprint for a deep and genuine economic and monetary union”, published in November 2012, too, the European Commission also took a critical view on inter-parliamentary cooperation. The communication states that

“The role of national parliaments will always remain crucial in ensuring legitimacy of Member States’ action […]. Cooperation between the European Parliament and national parliaments is also valuable: it builds up mutual understanding and common ownership for EMU as a multilevel governance system […]. Inter-parliamentary cooperation as such does not, however, ensure democratic legitimacy for EU decisions. That requires a parliamentary assembly representatively composed in which votes can be taken. The European Parliament, and only it, is that assembly for the EU and hence for the euro.”

Finally, the European Council conclusions of 13-14 December 2012 affirm that “[t]he European Parliament and national parliaments will determine together the organisation and promotion of a conference of their
representatives to discuss EMU related issues.” This is exactly the wording of Article 13 TSCG as it had emerged in the 4th draft of the treaty in January 2012.

More far-reaching ideas at the beginning were deleted in subsequent steps of the deliberations. We can wonder whether many Heads of State and Government as the main recipients of the different EMU reports may have had little interest in facing more parliamentary control, even less by a collective and possibly powerful body. The result has been a “back to the lowest common denominator” of the existing legal basis: inter-parliamentary control is too divisive to move beyond the status quo of Protocol N°1 and Article 13 TSCG.

2.2.3. National parliaments trying to influence the debate

In addition to the EU institutions, national parliaments had the possibility to articulate their positions individually and in sub-groups. If they had, however, agreed on one collective position, an inter-parliamentary conference could have been established more rapidly.

The French National Assembly was able to set the agenda with a report drafted by MP Christophe Caresche. Among the competences of the “conference of representatives of the relevant committees of the European Parliament and representatives of the relevant committees of national parliaments” would be the effective monitoring of the TSCG, of its executive bodies and implementation measures. It would be modelled following the inter-parliamentary conference on CFSP and CSDP with 6 MPs per national parliament and 16 MEPs in total and the conference would also accompany and control the process of the European semester. For euro area matters, Caresche proposes to establish (within that conference) a “Joint Conference Committee” composed of 6 MPs per national parliament from member states whose currency is the euro and the 16 MEPs as full members and with MPs from “pre-in” (member states that have not yet joined the euro, but the legal obligation to do so in the future) and “out” member states as observers.

But, as emphasised by the President of the European affairs committee of the French Senate, Simon Sutour, "[t]he implementation of this article, however, raises difficulties. The European Parliament has put pressure on other EU institutions to convince them that it primarily ensures parliamentary oversight of the new governance. [...] Two initiatives have been taken to ensure the involvement of national parliaments that, of course, not prevent the European Parliament to play its role.”

After France, Denmark took the initiative: The Danish Parliament organised a meeting between 11 national parliaments in November 2012 where a letter to the President of the European Council was drafted. While they welcomed that the question of democratic control and accountability had been included, they voiced their concern about a “worrying lack of proposals as to how the role of national parliaments can be strengthened more concretely”. A follow-up meeting took place in March 2013.

---

34. European Council, Conclusions of 13/14 December 2012, EUCO 1051/12, here: point 14, p. 3 [last retrieved: 20/09/2013].
36. Sénat français, “Compte rendu de la Commission des affaires européennes”, 31 janvier 2013, [last retrieved: 20/09/2013]. Simon Sutour, President of the European affairs committee of the French Senate: « La mise en œuvre de cet article soulève toutefois des difficultés. Le Parlement européen a fait pression sur les autres institutions européennes pour les persuader qu’il lui revenait, à titre principal, d’assurer le contrôle parlementaire de la nouvelle gouvernance. [...] Deux initiatives ont été prises pour assurer l’association des parlements nationaux, sans empêcher bien entendu le Parlement européen de jouer tout son rôle. »
37. In a forthcoming analysis for the Foundation for European Progressive Studies, Christian Deubner (2013) also includes a paper from German Bundestag MP Alex Schäfer as “an (inofficial) German proposal that at least implicitly reacts to the earlier (official) French one.” It was not exchanged through IPEX. It is not included in the comparison of “official” positions of national parliaments in this Policy Paper.
2.2.4. The proposal in the Luxembourg “working paper”

The Speakers of Parliaments of the six EEC founding member states and a representative of the European Parliament met in Luxembourg in January 2013 to discuss the issue, but their “working paper” has not been able to gather unconditional support from the other parliaments. It endorses many of the ideas in the “Caressche report” of the French National Assembly, but the idea of a separate body for euro area matters was seen as too controversial and the working paper does not call to establish such a body. With respect to inter-parliamentary cooperation and democratic oversight of the Economic and Monetary Union, the Speakers of Parliament signing the Luxembourg “working paper” of 11 January 2013

• “consider that, in order that this deepened Economic and Monetary Union is subject to parliamentary oversight, a conference in line with Article 13 of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union must be set up. [...] This conference ought to be comparable to the Interparliamentary Conference for the Common Foreign and Security Policy and the Common Security and Defence Policy [...]”

• “underline that the conference would discuss topical issues of Economic and Monetary Union, including agreements in the framework of the European Semester”;

• “propose to this end, that the Conference will meet at least twice a year, notably before the European Council in June, before or after the adoption of the relevant documents - namely the recommendations on the stability and reform programmes, the orientation of economic policies, the Growth Survey and the Alert Mechanism Report;”

• propose that “the Members of the Conference could also hear the President of the European Commission, the President of the European Council, the President of the Eurogroup, the President of the European Central Bank, as well as any relevant Commissioner;”

Thus the inter-parliamentary conference would be tasked to discuss EMU matters and the European semester, would meet at least twice a year and would be allowed to hear the Presidents of EU institutions and Commissioners.

2.2.5. Friendly fire from fellow national parliaments

However, not all national parliaments shared that position. Their division concerns the very nature of an inter-parliamentary conference on the basis of Article 13 TSCG and the timetable to establish it. Some national parliaments have general objections against creating new structures. 16 Chairpersons of European affairs committees in 15 member states (mainly from Nordic, Baltic and Central European countries) gathered in Copenhagen and voiced their objections in a letter dated 8 April 2013:

“We [...] have no desire to build new inter-parliamentary bodies. Instead, we believe that existing structures and resources should be exploited to their full potential. We therefore invite Speakers to consider the possibility of establishing a small effective conference focused on substantial issues – to be held in the margins of the biannual COSAC-meetings – using the existing venue and conference facilities and existing resources.”

42. Ibid, p. 3, para. 8, point cc. (last retrieved: 20/09/2013).
With respect to the timetable, the Speaker of the Polish Senate saw “an urgent need”\(^4\), the Committee on EU affairs of the Czech Senate supported “a quick establishment”\(^4\) and the Speakers of Parliament of the Visegrad Countries expressed “their expectation of a swift establishment”\(^5\) of an inter-parliamentary conference. But a letter from the Speaker of the Swedish Riksdag indicated that the Speakers of five Nordic and Baltic countries (Denmark, Estonia, Latvia, Lithuania and Sweden) preferred to “consider the opportunities offered by existing structures of cooperation” and suggested that only a mandate “for the responsible parliamentary committee chairs of the current and upcoming presidencies”\(^6\) should be agreed at the Speakers’ Conference in Nicosia and that these chairpersons\(^6\) should work on a proposal in close cooperation with their colleagues.

This analysis of preferences and coalition building among the 40 national parliaments of the 27 member states shows that a compromise was not guaranteed. Their diverging positions and profound disagreement about how to implement the provision about a “conference” that has the objective to “discuss” meant that it would be difficult to reach a consensus that was acceptable to all national parliaments and to the European Parliament that had taken a very lukewarm position\(^6\) earlier.

2.3. The decision taken at the Speakers’ Conference in April 2013

Finally, the implementation of Article 13 TSCG was agreed at the meeting of the Speakers of Parliament in Nicosia from 21 to 23 April 2013. The Speakers’ conclusions put inter-parliamentary cooperation on the basis of Article 13 TSCG in the broader context of the European semester and EU economic governance: “national parliaments should be adequately involved in shaping and implementing the framework for stronger economic, budgetary and fiscal policy reforms in their countries and in bringing the EU dimension into national politics.”\(^6\) They acknowledge that the establishment of an inter-parliamentary conference based on Article 13 TSCG “offers national Parliaments a unique challenge to consider their role in ensuring democratic accountability and legitimacy in the EU, in the context of a more integrated financial, budgetary and economic policy framework.”\(^6\)

Regardless their nationality, all national parliaments and MEPs are allowed to participate: with a provision that “the conference should consist of representatives from all the national parliaments of member countries of the European Union and the European Parliament”\(^6\), the compromise avoids the exclusion of member states that have not signed the TSCG or “pre-ins” (member states that have not yet joined the euro, but the legal obligation to do so in the future).

“This does not necessarily mean that each member state sends 6 MPS and the EP designates a total of 16 MEPS”

Making a reference to the conclusions of their 2010 conference, the Speakers note that “according to a previous decision of EU Speakers it is important to develop established structures to meet future needs of parliamentary cooperation.”\(^6\) This justifies replacing the meetings of the Chairpersons of relevant (probably finance) committees\(^6\), since these might be overlap with the new conference. Cost-effectiveness is mentioned in that context:

“The new mechanism could be built upon the formula of the Conference on CFSP and CSDP [the successor of the WEU Assembly], replacing the meetings of the Chairpersons of relevant Committees, organised by each Presidency, thus rendering it cost-effective. The composition and size of each delegation rests upon each Parliament.”\(^6\)

---

\(^8\) The Speaker of the Lithuanian Parliament whose country holds the Council presidency during the second half of 2013 was consulted by the Speaker of the Swedish Riksdag, according to the letter.
\(^9\) European Parliament (2012), Report with recommendations to the Commission on the report of the Presidents of the European Council, the European Commission, the European Central Bank and the Eurogroup “Towards a genuine Economic and Monetary Union” 24/10/2012 (2012/2151(INI)), (last retrieved: 20/09/2013).
\(^11\) Ibid, p. 5, para. 5.
\(^12\) Ibid, p. 5, para. 8.
\(^13\) Ibid, p. 5, para. 7 and footnote 1. My emphasis.
\(^14\) See section 1.4. The last meeting of the chairs of finance committees took place in Dublin in February 2013, (last retrieved: 20/09/2013).
This does not necessarily mean that each member state sends 6 MPs and the European Parliament designates a total of 16 MEPs (like in the case of the inter-parliamentary conference on CFSP and CSDP), but that composition and size of the individual delegations are not pre-determined.

The frequency of the conference and its presidency were also agreed: two meetings are foreseen, linked to the European semester and the Council Presidency:

“The Conference shall meet twice a year and be coordinated with the European Semester cycle. In the first semester of each year, the Conference shall be held in Brussels […] while in the second semester, the Conference shall be held in […] the country holding the six-monthly Council Presidency.”

Thus there shall be a co-presidency over the conference of the first semester by the European Parliament and the Parliament of the country holding the Presidency of the Council of the European Union. In the second semester, the presidency shall be hold by the Parliament of the country holding the Council Presidency. “The Speakers propose that the first Conference be held during the Lithuanian Presidency and the second in the beginning of 2014, at the European Parliament.”

Table 5 – Key provisions of the Inter-parliamentary conference on Economic and Financial Governance

<table>
<thead>
<tr>
<th>THE “ARTICLE 13 TSCG” INTER-PARLIAMENTARY CONFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>Inter-parliamentary conference on Economic and Financial Governance</td>
</tr>
<tr>
<td>Presidency</td>
</tr>
<tr>
<td>shared between the EP and Parliament of the member state holding the rotating Council Presidency</td>
</tr>
<tr>
<td>Composition</td>
</tr>
<tr>
<td>flexible</td>
</tr>
<tr>
<td>Creation</td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>twice a year</td>
</tr>
<tr>
<td>Aims</td>
</tr>
<tr>
<td>“discuss budgetary policies and other issues covered by this Treaty” (Article 13 TSCG)</td>
</tr>
</tbody>
</table>

In conclusion, the compromise is based on many elements that were put forward in the “Luxembourg working paper”, but it is less precise, particularly with respect to the composition. All negotiating parties had to make concessions: The European Parliament co-presides the first conference, for the reason of cost-effectiveness the Finance Committees’ Chairpersons’ conference is dissolved, and the composition was not defined (each Parliament can determine the size of its delegation).

Table 6 – Key provisions of all three Inter-parliamentary conferences in the EU made up of EU national parliaments

<table>
<thead>
<tr>
<th>INTER-PARLIAMENTARY CONFERENCES IN THE EUROPEAN UNION (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>COSAC – Conférence des Organes Spécialisés dans les Affaires Communautaires</td>
</tr>
<tr>
<td>Immigration, Asylum, Citizenship and Reintegration of Returnees</td>
</tr>
<tr>
<td>Composition</td>
</tr>
<tr>
<td>6 MPs per country + 6 MEPs</td>
</tr>
<tr>
<td>Participants</td>
</tr>
<tr>
<td>MEPs from Committees specialized in Union affairs, MEPs</td>
</tr>
<tr>
<td>Creation</td>
</tr>
<tr>
<td>1989</td>
</tr>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>twice a year</td>
</tr>
<tr>
<td>Aims</td>
</tr>
<tr>
<td>“A conference of Parliamentary Committees for Union Affairs […] shall […] promote the exchange of information and best practice between national Parliaments and the European Parliament” (Article 10, Protocol 1, Lisbon Treaty)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inter-parliamentary Conference for CFSP and CSDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parliament of the member state holding the rotating Council Presidency</td>
</tr>
<tr>
<td>Composition</td>
</tr>
<tr>
<td>6 MPs per country + 16 MEPs</td>
</tr>
<tr>
<td>Participants</td>
</tr>
<tr>
<td>MEPs and MPs, MPs from NATO and candidate countries</td>
</tr>
<tr>
<td>Creation</td>
</tr>
<tr>
<td>2012</td>
</tr>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>twice a year</td>
</tr>
<tr>
<td>Aims</td>
</tr>
<tr>
<td>provide a framework for the exchange of information and best practices; debate matters of CFSP, including CSDP</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inter-parliamentary conference on Economic and Financial Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parliament of the member state holding the rotating Council Presidency</td>
</tr>
<tr>
<td>Composition</td>
</tr>
<tr>
<td>flexible</td>
</tr>
<tr>
<td>Participants</td>
</tr>
<tr>
<td>Members of “competent” Committees (MEPs and MPs)</td>
</tr>
<tr>
<td>Creation</td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>twice a year</td>
</tr>
<tr>
<td>Aims</td>
</tr>
<tr>
<td>“discuss budgetary policies and other issues covered by this Treaty” (Article 13 TSCG)</td>
</tr>
</tbody>
</table>

2.4. Summary

In summary, this comparison confirms that “[t]he proposed modesty of the Conference’s mission […] appears to be the common ground on which the national parliaments and the European Parliament are able to adhere to an equally modest and consensual conference concept.” It is striking to see the French National Assembly as “almost completely isolated […]” only the Italian Chamber seems to ask for a similar restricted commission [for specific euro area governance issues]64, but was able to set and maintain the item of inter-parliamentary control on the agenda.

In comparison to the decision taken at the Speakers’ Conference in Nicosia, the draft of the Rules of Procedure for the Inter-parliamentary conference62 provides several important clarifications:

- shall be a “framework for debate and exchange of information and best practices on matters of economic and financial governance of the EU and shall maintain a special focus on the budgetary issues and procedures covered by the TSCG” (Article 1.1)
- replaces the European Parliamentary Week of the European Semester organised by the European Parliament in the first semester of each year. (Article 1.2)
- “may […] adopt Conclusions on matters related to economic and financial governance of the EU, particularly the budgetary matters covered by the TSCG” (Article 1.3)
- “shall seek to take decisions, including on the adoption of the Conclusions, by consensus. If this is not possible, decisions shall be taken with a qualified majority of at least 3/4 of the votes cast. The majority of 3/4 of the votes cast must at the same time constitute at least half of all votes. Each Parliament has two votes. In the case of bicameral Parliaments, each Chamber is given one vote.” (Article 3.7)

Similarly to previous research on the adoption of the TSGC and following the reasoning in a recent article by George Tsebelis in the Journal for European Public Policy, this analysis of the negotiations on an inter-parliamentary conference indicates that “q-‘unanimity’ procedures were applied”. Such a conference could have been agreed between a subgroup of member states that are more intensively cooperating in fiscal and economic policy coordination. If other inter-parliamentary conferences should emerge in the future, the agenda setters will not necessarily be a big country: one can imagine an inter-parliamentary conference on environment policy to be orchestrated by the Netherlands.65

64. Tsebelis, George, “Bridging qualified majority and unanimity decisionmaking in the EU”, in: Journal of European Public Policy, 2013, 1083-1103, 2013, here: 1099. Tsebelis calls provisions trying to transform qualified majority decisions into unanimous decisions “q-unanimity”, for example Article 31 (2) TEU: “If a member of the Council declares that, for vital and stated reasons of national policy, it intends to oppose the adoption of a decision to be taken by qualified majority, a vote shall not be taken. The High Representative will, in close consultation with the Member State involved, search for a solution acceptable to it.” I call this provision “q-unanimity”,
3. How to make the ECOFIN inter-parliamentary conference work better

Inter-parliamentary conferences do not gather unanimous support by national parliaments and even less by the European Parliament. This follows from a serious misunderstanding of inter-parliamentary cooperation as a zero-sum game. On the contrary: in the relations between national parliaments and the European Parliament more competences for the first do not mean less competences for the latter and vice-versa. Inter-parliamentary conferences do not take away competences, they can help to fill a control gap, but only if their constituting parliaments overcome their old reflexes.

The previous parts of this Policy Paper have shown that COSAC and the CFSP/CSDP inter-parliamentary conference were the model followed for the Inter-parliamentary conference on Economic and Financial Governance. But even taking this into account, as well as the political difficulties to agree on an implementation of the treaty article to establish another, the compromise of the Inter-parliamentary Conference on Economic and Financial Governance can, at this stage, only be seen as a missed opportunity because of its design flaws (3.1). The draft of the Rules of Procedure clarifies some issues, but leaves other questions without a sufficient response. National parliaments have, once again, failed to be collective actors at the EU level. The section that follows looks at possibilities to enhance the profile of inter-parliamentary conferences (3.2). Finally, upgrading parliamentary control at every level seems necessary in order ensure that parliaments keep up with the future developments towards a “genuine” EMU – thus to make parliamentary control would also become “genuine” (3.3).

3.1. A missed opportunity for an ambitious implementation of Article 13 TSCG

Jacques Delors has commented on the need to rethink the structure of EMU:

“I am [...] in favour of the most important decisions being submitted to an assembly of the economy and finance committees of the national parliaments for their opinion, so that national parliaments are involved in the issues and even, whenever necessary, so that they can debate them either in a plenary session or at committee level.”

The compromise of the Speakers’ Conference and the draft of the Rules of Procedure does not meet these requirements, leave important questions unanswered and can at this stage be assessed as a missed opportunity, because they do not meet the two most basic elements necessary for the smooth functioning of such a conference: a clear composition and a comprehensive definition of powers and competences. National parliaments have not been able to act together in this case of setting up an inter-parliamentary conference and have thus, once again, failed to be a collective actor at the EU level. Establishing an inter-parliamentary conference would have been an opportunity

- to ensure a higher level of parliamentary control of fiscal and economic policies and decisions taken at the EU level,
- to counter-weight the decline of national parliamentary sovereignty on budgets (and the restriction of possible policy choices taken by parliamentary majorities in national parliaments),
- to find an institutional expression of political support and opposition for the EU policy decisions in the context of budgetary and economic coordination,
- and to socialize MPs in order to Europeanize the control exercised at the national level that is highly nationally framed.

---

67. See sections 2.3 and 2.4.
The Speakers’ decision does not only lack precise provisions on the composition of the conference and the size of the delegations and on the competences and powers of the conference, but also puts an end to the existing inter-parliamentary meetings of the chairpersons of finance committees that are a functioning coordination mechanism. In the case of replacing the European Parliamentary Week of the European Semester organised by the European Parliament in the first semester of each year, however, this seems reasonable and avoids duplication. Nevertheless this new inter-parliamentary conference does not provide a sufficient response to the challenge of democratic control and accountability in the EMU.

First, the absence of a clear provision with respect to membership in the conference poses a serious threat to making this conference work. The reason behind the wording “[t]he composition and size of each delegation rests upon each Parliament”\(^\text{70}\) and “[t]he composition and size of delegations shall be determined by each Parliament.”\(^\text{71}\) seems to be two-fold: The European Parliament might have difficulties to restrict itself to 16 MEPs when the conference takes place in Brussels and national parliaments of smaller member states might have difficulties to mobilize 6 MPs to participate in the conference.\(^\text{72}\) But the main issues that have not been answered are:

- How can a conference function internally without clear membership?
- What will be the impact on the functioning if national parliaments send significantly different numbers of MPs? Will the hosting parliaments be able to advice their peers on that number?
- How can members socialize without stable participation?

In addition to that, the absence of a limit to the size of the delegation has an impact on MPs’ and MEPs’ motivation: participation in the conference does not come along with exclusivity, if anyone can participate. It is still possible to clarify these questions and flexibility obviously also has its advantages. The conference should have aimed at adopting Rules of Procedure that codify the composition at its first meeting in October 2013. The necessity of being able to work smoothly and have a stable and equal composition for the 2014 European Semester cycle should not be underestimated.

Second, the Speakers’ decision and the draft of the Rules of Procedure do not specify the competences. The conference will not have decision-making powers, but will be a place to “discuss” the issues covered by the TSGC in a setting that brings together national parliaments and the European Parliament, as indicated in Article 13 TSGC. It will be a “framework for debate and exchange of information and best practices on matters of economic and financial governance of the EU and shall maintain a special focus on the budgetary issues and procedures covered by the TSGC.”\(^\text{73}\) With respect to the European Semester, the conclusions state that national parliaments “should be adequately involved in shaping and implementing the framework for stronger economic, budgetary and fiscal policy reforms in their countries and in bringing the EU dimension into national politics.”\(^\text{74}\) Hence their first demand is to exercise real influence in the context of the European Semester: It remains to be seen how this can be put into practice and whether the conference will be able to define its area of action.

Third, the new inter-parliamentary conference will replace “the meetings of the Chairpersons of finance committees”\(^\text{75}\), probably the meetings of the chairpersons of finance committees. While this is in line with the Conclusions of a previous Speakers’ Conference (Stockholm 2010) and the procedure followed in


\(^{72}\) Here the draft of the Rules of Procedure proposes that “The hosting Parliament(s) may, for budgetary or limited facilities reasons, suggest an optimal delegation size.” (Article 4.1)


\(^{74}\) Presidency Conclusions of the Conference of Speakers of EU Parliaments, Nicosia 21-23 April 2013, (last retrieved 20/09/2013), p. 4, para. 1.

\(^{75}\) Ibid. p. 5, para. 8.
To sum up, the inter-parliamentary conference for economic and financial governance is an old solution for a new problem (budgetary and economic policy coordination) and largely follows the characteristics of the “standard” inter-parliamentary conference. The Speakers’ decision did not have the ambition to be innovative, but rather to duplicate a model that worked in the past - while leaving some ambiguity and without taking into account the specific necessities for budgetary and economic policy coordination. Without any doubt, MPs of budget, finance, economic and other relevant committees in national parliaments can only benefit from discussions with their peers in Brussels/Strasbourg and national capitals. The “lowest common denominator” decision of the Presidents of EU Parliaments, however, rather stands for activity as a substitute for achievement.

3.2. Enhancing the profile of the ECOFIN inter-parliamentary conference

This section develops four directions for enhancing the profile of inter-parliamentary conferences that could be taken for the ECOFIN conference, as well as the others: exhaust the prerogatives, adopt conclusions by a majority of three quarters, improve the timing of the conferences with respect to European Council meetings, and rely on the networks of European political parties to get transnational partisan conferences and not international conferences where those with the same passport stick together.

The motivation of MPs and MEPs to participate in an inter-parliamentary conference is obviously linked to prerogatives that this conference has: “Is an inter-parliamentary conference attractive for national MPs? This concerns the value of the discussions and their visibility.” At the same time democracy is not only about decision-making but debating and arguing are also essential parts of parliamentary life, especially in Nordic countries. Despite hesitations, inter-parliamentary conferences would be well-advised to try to extend their prerogatives and exploit the option to convene extra-ordinary meetings, although “given the complexity to convene such a large body [it] is hard to imagine that it will be used often.”

In addition to that, the Inter-Parliamentary Conference on Economic and Financial Governance will have the possibility to adopt conclusions (Article 1.3 and 3.7 of the draft of the Rules of Procedure). It should do so in an ambitious way and really try to adopt them by the qualified majority of three quarters, if consensus cannot be achieved.

Whenever possible it should meet within a reasonable delay before European Council meetings that address these policy fields in order to allow the conference to give input on the agenda of the summits. Indeed, the President of the European Council has tried to introduce “thematic” European Council meetings, the case of the inter-parliamentary for CFSP and CSDP, a transition period might have been useful instead of immediately replacing a conference that works. There are obviously matters that are better treated in a smaller committee-like setting with 30 persons around the table than in an assembly with maybe 200 MEPs and MPs.

---

76. The last meeting of the chairs of finance committees took place in Dublin in February 2013, (last retrieved: 20/09/2013).
with “defence” as the topic for December 2013, for example. The Inter-parliamentary conference for CFSP/CSDP that has met in Vilnius in early September came thus too early to influence the agenda, it might, however, have an influence on the ongoing deliberations. With respect to the conflict in Syria, the conferences did not manage to attract public attention.

Finally, the summits of the European Political Parties that take place before European Council meetings “could have a specific parliamentary dimension, for instance through the chairs [or vice-chairs] of European affairs committees or budget committees from the same political family.” MEPs would join them. That dimension could help national MPs to adopt a broader perspective on the parliamentary control of the European Council still organized according to a national logic.

3.3. Recommendations for parliamentary control in a genuine Economic and Monetary Union

A genuine EMU with its 4th building block on “democratic control and accountability” – still weak – urgently needs an inter-parliamentary conference as a vital “brick” for a genuine parliamentary control. But both the European Parliament and national parliaments should also adapt and strengthen their control mechanisms without paralyzing the functioning of EMU. It is, in short, “necessary to bridge certain gaps in the European ‘democracy deficit’, not to redistribute a limited number of parliamentary prerogatives.”

Five recommendations for genuine parliamentary control in a genuine EMU that do not require changing the treaties are put forward in this section.

1. **Continue the inclusive approach that covers all 28 EU member states:** The field of Economic and Financial Governance goes beyond EMU and could also touch the Single Market or other areas of the EU-28. Thus openness “to every country that is willing to join, even at a later stage, […] subject to common rules and criteria” is crucial. Member states whose currency is the euro will have a “double majority” as soon as that Lisbon Treaty provision enters into force, an inclusive approach is thus particularly relevant in order to reduce fears of “pre-ins” or “opt-outs” to be outvoted.

   In addition to that it is interesting to see that Euro summits not linked to a European Council meeting have been rare and that no Euro summit has been taking place since the European Council has adopted the rules of Procedure for that kind of summit in March 2013.

2. **Adapt the internal functioning of the European Parliament to new realities:** “For the euro, the European Parliament cannot be the sole democratic foundation” but at the same time it “needs to remain fully engaged in the EMU governance”; the new inter-parliamentary conference recognises that Economic and Financial Governance goes beyond the mere Economic and Monetary affairs that are discussed in bodies that are dealing with these issues. Consequently, after the May 2014 European elections, a subcommittee dedicated to euro area matters should be established in the European Parliament. It could “meet on a regular basis to monitor all the aspects of the EMU governance. […] In some cases, joint hearings [with the inter-parliamentary conference] could be organised.”

---

85. For a calculation, see van Onderza, Nicolai (2013), A structural majority of the Eurozone in the single market? EU Analytics on “Ideas on Europe”, (last retrieved: 20/09/2013).
With respect to the broader issue of control exercised by the European Parliament, the draft inter-institutional agreement with the European Central Bank is a very positive signal: it will allow the European Parliament to organise hearings of the head of the Single Supervisory Mechanism and his/her deputy and it gives the right to the European Parliament to confirm (or withhold) their nominations.  

3. **Strengthen parliamentary control at the national level:** Many decisions concerning economic and fiscal policy coordination taken by the heads of state and government or by their finance ministers currently do not appear on the radar of (most) parliaments. This leads to a democratic deficit at the national level. A realistic solution is **deeply informed oversight at the national level** – ideally linked to the European Semester, to European Council meetings (and the Euro summits at their margins) and to key Euro group meetings – with **an increased awareness of the issues at stake** and of the functioning of the Economic and Financial Governance while allowing the government to have some room for **manoeuvre**. This means higher transparency of committee meetings, the presence of ministers when these issues are debated in parliament, transmission of draft texts to parliament, and enhancing the role of the chairs of the relevant parliamentary committees.

The “reinforcement of national parliaments’ scrutiny vis-à-vis national decision makers” is an important element of genuine parliamentary control. It is neither necessary nor appropriate for everyone to become Danish, i.e. to adopt the set of tough parliamentary control mechanisms in Denmark; a too strong convergence of the competences of national parliaments in Economic and Financial Governance “would likely take the strongest actor as benchmark [...], this would lead the euro area towards a situation of in-governability”, but there is a significant number of member states where stronger parliamentary control seems appropriate.

4. **Recognise the need for inter-parliamentary cooperation:** The involvement of national parliaments needs to be more clearly specified but also better articulated with that of the European Parliament, which needs to remain fully engaged in the EMU governance. When member states are struggling to find a consensus on the adequate level of “fiscal federalism” and when in May 2013 France and Germany propose measures that essentially reinforce the intergovernmental structures (Euro group and Euro summit), only inter-parliamentary cooperation can provide an effective backstop to the “post-democratic federalism of the executives” and provide control over Economic and Financial Governance.

“Within the European Parliament [...] multi-parliamentarism is often perceived as an attempt to impede the European Parliament from a drive for full parliamentary control.” The very notion of inter-parliamentary cooperation is something that **should be considered as normal in the “European Federation of Nation States”**. In the medium-term, the Inter-Parliamentary Conference on Economic and Financial Governance has the double vocation to provide expert scrutiny and to constitute a public forum. This is a tall order, but Economic and Financial Governance cannot and may not be debated, decided and controlled by the German Constitutional Court in Karlsruhe, the European Central Bank in Frankfurt and the German Bundestag in Berlin only.

---

5. **Remedy the flawed institutional design of the new ECOFIN inter-parliamentary conference**: The model of the CFSP/CSDP conference appears well-fitted for all inter-parliamentary conferences since it allows having in each delegation representatives from all major political parties as well as specialized budget policy MPs (like committee chairs) and from neighbouring policy areas able to develop new perspectives on budget issues. The optimal delegation size that the hosting Parliament(s) may suggest, should build on that.

**The key activity of such conference lies in its capacity to implement a genuine accountability mechanism rather than taking binding decisions**.

In terms of competences, the inter-parliamentary conference will have the possibility to adopt non-binding conclusions, even by a qualified majority of 3/4, if consensus cannot be achieved. It should use that possibility in an ambitious and pro-active way. The key activity of such conference lies in its capacity to implement a genuine accountability mechanism rather than taking binding decisions. European decision-makers should be publicly heard, questioned and even criticized by the conference.

The conference could meet more often than twice a year and shortly before ordinary European Council meetings that address ECOFIN issues in order to allow the Conference to give input on the agenda of the summits. The example of the COSAC indicates how crucial it is to position such meetings in global agenda of the EU. This timing would also constitute a strong incentive for MPs to participate actively in the conference.

Finally, the idea of a review of the working of the conference by an “ad hoc review committee which would, in the second semester of 2015, evaluate the workings of the Interparliamentary Conference” is certainly a good idea (inspired from a provision in the Rules of Procedure of the conference on CSFP/CSDP), where according to the draft of the Rules of Procedure “[t]he relevant Presidency Parliament shall submit the conclusions of the review together with specific recommendations to be deliberated upon by the Conference of Speakers of European Union Parliaments in 2016”, but **could be brought forward**.

---

99. The following three paragraphs are based on written evidence “The inter-parliamentary conference on Economic and Financial Governance” that was prepared for the House of Lords EU Committee on the role of National Parliaments in the European Union by Valentin Kreilinger and Olivier Rozenberg, submitted on 26 September 2013, but have been updated since the draft of the Rules of Procedure provides some clarifications to the flawed institutional design that are taken into account in the three paragraphs. Interparliamentary Conference on Economic and Financial Governance (2013): Draft Rules of Procedure of the Interparliamentary Conference on Economic and Financial Governance of the European Union, dated 01/10/2013, (last retrieved 02/10/2013).

CONCLUSION

This Policy Paper analysed that the decision to create an inter-parliamentary conference in the area of the coordination of fiscal and economic policies is actually an old solution for a new problem (part 1). Surprisingly, there are only a few member states that regularly send six MPs to inter-parliamentary conferences – some member states have only sent an average of two MPs to the last seven COSAC meetings between 2010 and 2013. The way from the negotiations on the TSCG to Vilnius, where the first meeting of the Inter-parliamentary conference on Economic and Financial Governance takes place from 16 to 18 October 2013, was long and stony: the Policy Paper analysed the preferences of key actors at the EU and the national level (part 2). The compromise that was agreed at the Speakers’ Conference in Nicosia in April 2013 leaves many questions unanswered and can at this stage be assessed as a “missed opportunity”. This is still true when looking at the draft of the Rules of Procedure, although they remedy some issues. Concrete measures are necessary to enhance the profile of inter-parliamentary conferences. With the future developments towards a “genuine” EMU, the Policy Paper formulated five recommendations for genuine parliamentary control in order to ensure that parliaments keep up – it is now important to make the new inter-parliamentary conference on Economic and Financial Governance work (part 3).

The Inter-parliamentary Conference on Economic and Financial Governance is a first step towards genuine parliamentary control in the EMU. Taking into account all the hesitations, a broad consensus agreement on more inter-parliamentary cooperation and stronger inter-parliamentary conferences will obviously not be easy to achieve. But such a more ambitious approach would help reduce the existing weakness in democratic accountability and legitimacy in general and especially in that linked to a genuine EMU in the making: Jacques Delors underlines that “whenever an issue concerns the currency, taxation or the welfare system, parliament must be brought into the debate in one way or another.”

Since the start of the crisis, rescue packages as well as the reforms imposed by the Troika, that have introduced more solidarity and more control, have had a huge impact on the available policy options for many national parliaments with respect to fiscal and economic policies. The Six-Pack and the Two-Pack with the European Semester add to this development. An inter-parliamentary conference as a place to “discuss” could gradually develop into an arena for political competition where battles are fought about the direction of the Union’s economic policy. Political competition with clear alternative proposals for 2014-2019 European Parliament electoral campaign could reduce the democracy deficit, but this would probably not provide sufficient legitimacy for a fully-fledged genuine EMU where both control mechanisms and solidarity mechanisms are likely to be stronger. The broader picture shows that “[m]any of the institutional adjustments needed by the euro area have already been implemented in a flexible manner” – the Inter-parliamentary Conference on Economic and Financial Governance can now be added to that list.

BIBLIOGRAPHY

Primary sources


Czech Senate - EU affairs committee, ”Resolution on the Fiscal Compact Inter-parliamentary Conference”, 2013, (last retrieved: 20/09/2013).


European Council, ”Towards a genuine Economic and Monetary Union”, EUCO 120/12, 26 June 2012, 2012a, (last retrieved: 06/08/2013).


European Union, ”Towards a genuine Economic and Monetary Union”, EUCO 120/12, 26 June 2012, 2012a, (last retrieved: 06/08/2013).


Joint letter to the Speakers’ Conference, 2013.


Treaty on Stability, ”Coordination and Governance in the Economic and Monetary Union”, 2012, (last retrieved: 06/08/2013).


Secondary literature


Delors, Jacques (2013), Rethinking the EMU and making Greater Europe positive again, Notre Europe-Jacques Delors Institute, Tribune, (last retrieved 20/09/2013).


Maurer, Andreas and Wolfgang Wessels (eds.) (2001), National Parliaments on their Ways to Europe. Losers or Latecomers?, Baden-Baden: Nomos.


Smith, Julie and Ariella Huff (2012), Written evidence submitted to the European Scrutiny Committee in the House of Commons, (last retrieved: 20/09/2013).

Tsebelis, George (2013), "Bridging qualified majority and unanimity decisionmaking in the EU", in: Journal of European Public Policy, 20(8), 1083-1103.


LIST OF THE FIGURES, TABLES AND BOXES

Table 1 ➤ Structure and Organisation of COSAC 5
Figure 1 ➤ Average number of participating MPs in COSAC 2010-2013 5
Table 2 ➤ Structure and Organisation of COSAC and the Inter-parliamentary Conference for CFSP/CSDP in comparison 6
Box 1 ➤ Other inter-parliamentary settings composed of MPs and MEPs 7
Table 3 ➤ Wording of Article 13 in the different drafts during the negotiations on the TSCG (December 2011 to January 2012) 10
Table 4 ➤ Article 13 TSCG-related content in the reports “Towards a genuine Economic and Monetary Union” (2012) 11
Table 5 ➤ Key provisions of the Inter-parliamentary conference on Economic and Financial Governance 15
Table 6 ➤ Key provisions of all three Inter-parliamentary conferences in the EU made up of EU national parliaments 15

EURO ZONE AND DEMOCRACY(IES): A MISLEADING DEBATE?
Yves Bertoncini, Policy Paper No 94, Notre Europe – Jacques Delors Institute, July 2013

RETHINKING THE EMU AND MAKING GREATER EUROPE POSITIVE AGAIN
Jacques Delors, Tribune, Notre Europe – Jacques Delors Institute, July 2013

THE ROLE AND PLACE OF PARLIAMENTS IN A GENUINE ECONOMIC AND MONETARY UNION
Christian Deubner and Valentin Kreilinger, Synthesis of an expert seminar organised together with the Foundation for European Progressive Studies (FEPS), Notre Europe – Jacques Delors Institute, April 2013

THE PARLIAMENTS OF THE EU AND THE GOVERNANCE OF THE EMU
Yves Bertoncini, Tribune, Notre Europe – Jacques Delors Institute, April 2013

DEMOCRATIC CONTROL IN THE MEMBER STATES OF THE EUROPEAN COUNCIL AND THE EURO ZONE SUMMITS
Olivier Rozenberg and Wolfgang Wessels (Eds.), Claudia Haffliger, Valentin Kreilinger, Mirte Van Den Berge and Laura Ventura, Study by Notre Europe – Jacques Delors Institute and TEPSA at the request of the European Parliament, March 2013

WHICH INSTITUTIONS FOR THE EURO AREA?
António Vitorino, Tribune, Viewpoint, Notre Europe – Jacques Delors Institute, September 2012

THE ‘TSCG’: MUCH ADD ABOUT NOTHING?
António Vitorino, Tribune, Viewpoint, Notre Europe – Jacques Delors Institute, February 2012

THE MAKING OF A NEW TREATY, SIX ROUNDS OF POLITICAL BARGAINING
Valentin Kreilinger, Policy Brief No 32, Notre Europe – Jacques Delors Institute, February 2012

INTERPARLIAMENTARY COOPERATION IN THE EUROPEAN UNION: TIME FOR A NEW START?
Morgan Larhant, Policy paper No 16, Notre Europe – Jacques Delors Institute, September 2006