ECPRD SEMINAR ON

"The European Economic and Financial Crisis and the Role of Parliaments"

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THE NATIONAL PARLIAMENTS BETWEEN LAWMAKING AND SUPERVISION FUNCTION

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1. GATHERING INFORMATION ON THE DEVELOPMENT OF THE CRISIS (QUESTION 1)

- Almost all National Parliaments have undertaken initiatives in order to get information (20 Countries out of 28)

- Most commonly used informative tools: monitoring procedures under parliamentary rules of procedure (e.g.: fact-finding inquiries and hearings)

- Generally, the most important interlocutor is the Government (the information is often a reworking of official data provided by the Finance Ministry)

- In some cases, Parliaments have set up a specific working group (Germany, France, Belgium, Spain, Portugal, Greece)

- In almost all countries, parliamentary staff play an important role in analysing information on the crisis and producing ad-hoc reports (e.g.: Italy, UK, Austria, Portugal, Poland, Lithuania)
2. MEASURES ADOPTED TO DEAL WITH THE CONSEQUENCES OF THE CRISIS

2.1 MEASURES TO FACE THE PEAK OF THE CRISIS (QUESTION 2.6.1.)

About 80 per cent of countries adopted measures to face the crisis.

**Banks and Financial Institutions**

- Mainly injections of capital (e.g. Austria, Belgium, France, Ireland) and deposit guarantees (e.g. Austria, Poland, Spain, Sweden);
- Only few bailouts (Belgium, Portugal and, especially, UK);
- Special funds to facilitate credit flows to the economy created by Norway (the Norwegian State Finance Fund and the Norwegian State Bond Fund) and Spain (Financial Asset Acquisition Fund);
- Many countries adopted no measures for the financial sector (e.g. Canada, Estonia, Finland and Germany).

**Economic Stimulus**

Most common measures (e.g. Austria, Czech Republic, Italy, Lithuania, Poland, Russia, Slovakia, Sweden):
- Tax cuts and social expenditures for households and business;
- Public investments in infrastructures and incentives for building renovation and construction.

France, Sweden, Estonia also strengthened financial support for local government.
2.2 STRUCTURAL ECONOMIC REFORMS TO CORRECT MACROECONOMIC IMBALANCES AND/OR IMPROVE COMPETITIVENESS (QUESTION 2.6.2.)

ALMOST ALL COUNTRIES INTRODUCED SUCH REFORMS.

MOST REFORMS TARGETED AT:
- reducing and simplifying the administrative burden on business (e.g.: Italy, Slovakia, UK);
- introducing tax rebates on labour and business and increasing consumer taxes (e.g.: Croatia, UK);
- making the labour market more flexible and improving the environment for firms;
- restructuring the public health system (e.g.: Andorra, Czech Republic, Georgia, Greece, Italy, Russia, Serbia);
- supporting education, research and training (e.g.: Austria, Belgium, Croatia, Estonia, Finland, France, Greece, Italy, Lithuania, Norway, Portugal, Russia, UK).
2.3 MEASURES TO REDUCE THE GENERAL GOVERNMENT DEFICIT AND DEBT (QUESTION 2.6.3)

RELEVANT FISCAL IMBALANCES STARTING IN 2010.

FISCAL CONSOLIDATION UNDERTAKEN BY ABOUT 79 PER CENT OF RESPONDENT COUNTRIES:

• BUDGET SAVINGS THROUGH SPENDING CUTS;
• INTRODUCTION OF NEW TAXES AND INCREASE OF EXISTING ONES.

SPENDING REVIEW TO RATIONALIZE AND REDUCE PUBLIC SPENDING (ITALY, UK).

NO FISCAL CONSOLIDATION MEASURES IN ANDORRA, GEORGIA, GERMANY, NORWAY, RUSSIA AND SWEDEN.
2.4. THE ROLE OF PARLIAMENTS IN DEALING WITH EMERGENCY MEASURES (QUESTION 2.1.)

THE ROLE OF PARLIAMENTARY PROCEDURES

- Many countries (16 out of 28) have adopted emergency measures through the ordinary legislative procedure.
- The other countries (11 out of 28) have adopted such measures through fast-track procedures, as per parliamentary Rules of procedure or the Constitution (Italy, France, Spain).

THE SUBJECTS INVOLVED

- In almost all countries, emergency measures were considered by the Finance and Budget Committees, at times jointly with other standing committees (Germany, Italy, Lithuania, Portugal, Slovakia).
- In a few cases, *ad hoc* or provisional bodies were established (Belgium, Germany, Spain).
2.5. THE ROLE OF PARLIAMENTS IN THE APPROVAL OF THE FISCAL AND EMERGENCY PACKAGES PUT FORWARD BY THE GOVERNMENT (QUESTION 2.2.)

The role of Parliament in the decision-making stage has changed consistently from country to country

- In some countries (Austria, Belgium, Macedonia, Norway, Spain, Sweden, UK) Parliament played no significant role in the decision-making process
- In other countries (France, Italy, Poland, Portugal, Serbia) Parliament managed to influence the final content of the emergency measures
- Quite recently, however, many Parliaments have stepped up oversight of executive decisions (Belgium, Latvia, Lithuania, Portugal, Russia, UK) – see also the development of a directive function in Germany
- The parliamentary agenda has been principally drafted on the basis of Government's proposals
2.6. THE INVOLVEMENT OF PARLIAMENTS IN THE NEW EU ECONOMIC GOVERNANCE (QUESTIONS 2.4.-2.5.)

- In Euro-zone countries, EFSF/ESM matters mostly debated at Committee level (EU or Constitutional law Committees). Plenary usually involved in ratification process.

Also some non-Euro area countries (Poland; UK) discussed EFSF/ESM-related issues in Parliament.

- Examples of initiatives related to the Fiscal Compact started by Parliaments: creation of working groups on the European economic governance (France); promotion of informative (Portugal, Germany, Spain, Sweden) and consultation procedures (Belgium, Lithuania, Poland, Sweden).
3. THE ROLE OF PARLIAMENTS IN MONITORING AND ASSESSING THE FISCAL MEASURES ADOPTED (QUESTION 3.1.)

Significant changes in parliamentary oversight of economic and fiscal measures from country to country:

a) in some countries (Estonia, France, Latvia, Macedonia, Sweden, UK), oversight was left to existing bodies and procedures

b) In countries where parliamentary oversight was traditionally weak (Austria, Finland, Italy, Spain), no significant change in the role of Parliaments

c) only in a few countries (Belgium, Iceland, Portugal) new follow-up bodies have been set up