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WHAT PARLIAMENTARY BUDGET-AUTHORITY IN THE EU?

The European Parliament and the German Bundestag in the Negotiations of the Multi-Annual Financial Framework 2014-2020

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EXECUTIVE SUMMARY

This study aims at better understanding the ambiguity of parliamentary representation in the EU political system where both national parliaments and the European Parliament play a functional role and are characterized by distinct electoral and territorial interests of representation. In this context EU budgetary politics are a particularly interesting field of research since they constitute a prime parliamentary function that carries high importance inside parliamentary institutions. The EU budget – the Multi-annual Financial Framework (MFF) – is formally divided between the revenue side, which is legitimated through the national parliamentary channel and the expenditure side for which the European Parliament is responsible.

Analyzing the internal parliamentary coordination and the parliamentary debate on the EU's MFF 2014-2020 it is shown that parliamentary actors are embedded at different points in the budgetary policy cycle while at the same time feeling legitimately responsible for both revenue and expenditure strands of the EU budget. The EU parliamentary budget authority is formally upheld through the national and supranational channels of legitimation. Practically, however, it is impeded by even more constraints than in national budgetary procedures due to the shape of the EU multi-level system.

The performance of the parliamentary budget authority strongly diverged between the policy and the polity level of budgetary policies in the MFF 2014-2020 negotiations. On the one hand there has been a broad understanding between parliamentary actors of the same political family on the policy level in the budgetary debate. This covered joint perceptions of what policies should be enacted through the EU budget and what political priorities should be pursued. However on the polity level of the budget, there has been a fundamental disagreement on what formal structure or institutional shape should be achieved with the EU budget. Therefore the representative interests of parliamentary actors are strongly centered on territorial interests of representation – despite strong similarities in terms of electoral interests. Budget policies constitute the core of parliamentary sovereignty which in the MFF 2014-2020 negotiations lead to the dominance of an institutional power-play over a joint coordination of welfare as it has already been found with regard to the EU budget negotiations on the member state level in the Council and European Council.

"A united Europe with the Commission as the great motor and quasi-government, the Council as its intergovernmental check and ultimate decision-maker, and the Assembly … well, whoever reads the Treaties carefully is bound to conclude that parliament never had much of a place in the construction" (Dahrendorf 1979, p. 12)

"Given the serious challenges currently facing the EU, it would be advisable to define the role and powers of national Parliaments and the European Parliament in co-creating and scrutinising key EU policies in the post-Lisbon era." (COSAC 2011, p. 11)

1. INTRODUCTION

1.1 Research interest

The position of parliamentary bodies within the EU's multilevel structure has undergone a remarkable change – as illustrated in the two citations above. Originated as a quasi-intergovernmental project between national governments the European Union evolved into a political system with parliamentary control and influence as an undisputed feature of its system. Nevertheless, it is still debated what form the parliamentary dimension of the European Union should evolve into. Researching this very evolution and the current shape of the parliamentary Europe becomes particularly interesting in light of the EU budgetary system: The parliamentary budget authority can be regarded as a crucial parliamentary function that not only enables a better understanding of the EU's budgetary system but also of its parliamentary system in general.

Budgeting is one of the oldest functions of the government. Providing the financial means for government is the most basic foundation of every state activity. Therefore, a public budget is not only a mere compilation of items of revenue and expenditure, but also a mirror of prior political decisions taken. A public budget is the expression of political desires and the judgment of political priorities among scarce resources (Wildavsky 1988, p. 4). Therefore the process of deliberation and setting of a binding legal contract (the budget law) within the constraints of unknown future resources is a major political function of setting priorities. The process of budgeting is therefore as much about economics as it is about politics. It is the only dossier enabling an overarching coordination of politics (Waldhoff 2015, p. 112). In this respect, the study of budgetary processes is not only a study of politics but also involves a study of the broader set-up of a given polity, as "the budgetary system of any given country will necessarily reflect the country's constitutional structure" (Friauf 1976, p. 66). As the budget links particular demands of society with specific financial programs and resources, taking a closer look at budgetary politics enables a better understanding of the political priorities of a given government.

From this perspective, a study on parliamentary budgeting in the European Union is a particularly challenging field of research, as the negotiations on the overarching EU budget – the Multiannual Financial Framework (MFF) – are directed to the setting of the political priorities of the Union. They are characterized by a strong political notion where diverging institutional interests and perceptions of the finality of EU integration are at stake. Therefore the EU's budgetary process should not be considered as any other sectoral dossier. Due to its institutional configurations, the scope of influence of budgetary decisions it is an influential and ever ongoing negotiation process. It can thus be asserted that a better "understanding of the nature of the debates and discussions surrounding the EU's budget is important to an understanding of the nature of the EU's policy portfolio." (Nugent 2010, p. 401).

Generally, negotiations on the Multiannual Financial Framework are perceived as classical domains of intergovernmental bargaining that are dominated by the question how much every member state can secure at the negotiation table. Most research on the EU budget in general and the Multiannual Financial Framework more specifically is directed towards mechanisms of intergovernmental negotiations and the institutional and political priorities set through the budget From an institutional perspective, however, the parliamentary perspective should not be neglected. Both from a historical and institutional perspective, budget negotiations are regarded as being a classical parliamentary domain. The authority to decide upon the budget was among the first independent powers of parliamentary assemblies and is perceived as the "crown jewels" among their functions until today. The analysis of the parliamentary budget authority in the European Union therefore does not only serve as a case of the extent to which parliamentary actors are embedded in the overall setting of the political priorities and financial programs of the European Union. The parliamentary budget authority also stands for a broader inclusion of parliamentary actors in the EU political system. Situating parliaments in the EU budgetary process brings to light the inherent tensions of the EU multilevel political system, as parliamentary representation disposes of inherent ambiguities in the European Union.

As being a representative democracy (Art. 10 TEU), the European Union rests upon two overarching representative principles: The equality of member states as a *territorial principle* of representation and the equality of citizens as an *electoral principle* of representation. These two principles also relate to diverging political interests with regard to the European integration more generally. As there is no clear hierarchy between the two, the inherent conflict between these principles and modes of representation form the backbone of the European representative system. Taking a closer look at the process of representation one is able to situate parliamentary actors and their positions inside the EU budgetary process and within these representative principles. It highlights the linkage role political actors perform in the political process, in playing an intermediate role in order to reflect the society's plurality. In this respect, representation constitutes a cross-sectional, overarching function of parliamentary actors and enables an analysis of parliamentary positions in the political process. From the diverging representative principles induced by EU primary law it is assumed that parliamentary representation within the European Union is characterized by inherent ambiguities between electoral and territorial representation.

Therefore, the overarching interest of this research relates to the ambiguity of parliamentary representation in the EU multilevel system between these two representative interests of electoral and territorial representation. This equally entails that parliamentary institutions on both the supranational and national governmental level should not only be regarded from a level perspective but analyzed by their respective positions and representative interests as interconnected as they are addressed within the same political sphere. In order to understand the overall structure of parliamentary actors within the EU's representative system, the position of each parliamentary institution within the multilevel system can only be understood in relation to the respective other ones (Hefftler, Gattermann 2015, p. 111). From this perspective, the precise driving forces and areas of conflict and cooperation between parliamentary actors is of interest.

Perceiving the interconnectedness of parliamentary institutions in the EU policy process is particularly important in budgetary politics, as both parliamentary levels are formally embedded in the EU budgetary procedure. This further stresses the necessity to look at parliamentary representation in the European Union from a holistic perspective. The overarching budgetary

decision in the European Union – the Multiannual Financial Framework – formally rests on both national and supranational parliamentary involvement: While the European Parliament disposes of a veto power on the expenditure side of the budget, national parliaments have to adopt the revenue side of the MFF as the EU budget is mostly funded by national contributions (Art. 311-312 TFEU). This distinct formal-legal embeddedness of both the EP and national parliaments, which formally goes beyond the mere "contribution"[1] of national parliaments within EU politics underlines the need to consider parliamentary positions and interests holistically – also in the context of the two major representative principles of parliamentary representation in the European Union.

Reaching a better understanding of how parliamentary representative interests are performed in the EU budgetary process is therefore of an overarching interest to this work. This very interest can be divided in two more narrowly defined empirical research interests from which the research question will be derived below (ch. 1.3):

The first interest relates to the more general system of parliamentary representation in the European Union. A better understanding of the multidimensionality of parliamentary representation in the European Union should be obtained by scrutinizing supranational and national parliamentary levels. Parliamentary politics in the EU's political system are multidimensional, they cannot simply be described as systems of opposition vs. majority with fixed roles attributed to the respective parliamentary actors. This research – through a close empirical analysis of budgetary politics – aims to trace lines of conflict and cooperation between parliamentary actors and institutions that are more diverse and that reflect the broader ambiguities in parliamentary representation. Therefore this work aims at shedding light at the empirical structures of parliamentary representation as being a multifaceted phenomenon.

Given the fact that parliamentary budgetary politics can be considered as under-researched in EU studies and political science (see chapter 1.2), the second interest of this work is to better understand EU budgetary politics from a parliamentary perspective. EU budgetary politics are characterized by a high degree of executive dominance and a strong impetus on intergovernmental processes of bargaining and coordination in the process of representation. Therefore, a distinct focus on parliamentary actors and institutions is required. As both national parliaments and the European Parliament are playing a functional role in the budgetary process, as mandated by the EU's primary law, a perspective on both levels is necessary. In this respect the positions and perceptions of parliamentary actors within the budgetary process is seen as a valuable contribution to understand the overall shape of EU budgetary politics.

1.2 Literature Review

According to the two research interests above, two overarching bodies of literature can be identified, this work seeks to contribute to in filling gaps of research. They relate to the broader academic field of research on EU parliamentary representation on the one hand, and towards the study of EU budgetary processes and parliamentary inclusion therein on the other.

[1] The participation in the EU policy process refers to the position accrued to national parliaments in general EU legislative procedures in the Treaty of Lisbon (Art. 12 TEU).

1.2.1. EU Parliamentary Representation

Most generally, the concept of representation has been put forward by the seminal work Hanna F. Pitkin developed in the 1960s (1967). Here, she underlined that representation is "making present something which is not". Representation can be understood as one of the most basic principles of democratic political systems – although the concept of democracy itself does not necessarily has to be linked to the concept of representation. However, representation, as it has been argued in many contexts, provides the necessary precondition to democracy as it enables all parts of the society to be represented in political decisions. Therefore: "a key characteristic of a democracy is the continued responsiveness of the government to the preferences of its citizens" (Dahl 1989, p. 1). Research on representation and representative government addresses itself to numerous fields, while it is held together by a strong focus on the act and the actors of representation, thus disposing of an actor-centered perspective.

The focus of representative research addresses itself to the relation between representatives and the represented, between representative political actors and their electorate. Sociological studies distinguished between different understandings of representation in the performance of representative roles within the US political system (Wahlke et al. 1962). This analysis of representative roles lead to the famous distinction between "politicos", "delegates" and "trustees" in considering the position of representative actors inside the political system. In the past decades, the analysis also took more recent analytical frameworks, such as the principal-agent model (see i.a. Strom 1995; Saalfeld 2000), into account in analyzing the representative relationship between the principals (voters) and their agents (parliamentary and executive actors) (Andeweg, Thomassen 2005). A relationship which has been characterized most broadly by processes of authorization and accountability as key features defining representation (ibid p. 512-514). This question on the representative relationship and the de facto form of this relation has also been asked with respect to the leeway which representative actors have with respect to following the position of their voters (Manin et al. 1999). It is also included in the question how balance between authorization and accountability is struck and how unaffiliated a representative government from the mostly more narrow short-term perspectives of their voters can be. However, it has generally been assessed that parliaments should be "able to make a difference" in order to properly represent their electorate.

Beyond the representative relationship, other strands of literature have broached the issue of what representation within a given political system actually is (Mansbridge 2003). In the academic literature, parliamentary representation only forms one strand of representative research, as the concept has been equally used to study the representative constitutions of associations and civil society structures in political processes (Pettit, P. 2010; Kohler-Koch et al. 2011; Schmitter 2012), or the democratic problems arising if an elite "represents" a specific electorate (Ankersmit 2002; Urbinati 2011).

With regard to representation within the EU political system, under the Treaty of Lisbon the debate on the representative nature of government in the EU has gained new impetus due to the anchorage of the principle within the EU's primary law (Art. 10 TEU). With respect to the growing academic consensus to understand the EU as a political system, it has been underlined that this ought to go hand in hand with the EU respecting the same minimum criteria attributed to national representative political systems (Lord, Beetham David 2001). The scholarly debate on the EU representative system is therefore primarily a debate on the linkage between representative

government and democracy and on the respective representative institutions, their interplay and linkage to the citizenry. Overall, research on representation in the EU is still mostly subject to meta-institutional studies on the representative nature of the European Union rather than analyzing the precise process of representation in specific policy areas or distinct groups of actors (see i.a. Lord, Pollak 2013; Rose 2012; Bellamy, Kröger 2012; Lord, Beetham David 2001). Furthermore, compared to studies on the democratic nature and constitution of the European Union, the approach of representative government to the study of EU political processes is still underdeveloped. Most questions of the democratic deficit, that is the lack of legitimacy of the EU, are not attributed to the absence of representation and the heterarchy of representative institutions in the EU but rather to overall institutional questions of political legitimacy (ibid.). Studies focused on representation in the EU are therefore most often connected to the bigger picture of EU integration, or the structure of its political system in terms of its democratic nature. Only few studies address questions of the party politics of representation (i.a. Mair, Thomassen 2010) as electoral dimension or to the interplay between different territorial representative interests.

In this context the parliamentary dimension of representation as a specific sub-area of representation is rarely the main focus of research; instead the broader institutional framework is covered. Research on the position of parliamentary actors inside a representative political system addresses itself to the major question of where power is effectively located in a political system (Almond et al. 2004, p. 127). Different to other approaches of parliamentary research, the representative approach regards parliamentary representation as an overarching objective in the political system and aims to take into account a holistic perspective centered not exclusively on parliamentary actors. In this respect, representation is regarded as the „principal function of a legislature“ (Wahlke et al. 1962, p. 11), as it has already been asserted that parliaments as institutions are "radically unfit" (Mill 1861) for the function of governing. Not only they maintain the bureaucracy and staff which is required to formulate, calculate, and implement laws and legislation (Döring 1995, p. 28; Patzelt 2003, p. 36) but also they do not dispose of the hierarchical structure needed to execute and implement decisions. Therefore, they should rather be considered as "policy-influencing" bodies (Norton 1994) that aim to establish a link between the electorate and the political system. In this respect the focus is more on the representative position of parliamentary actors inside a political system in creating the link between the citizens and the political sphere and to be responsive to societal problems. Therefore, the representative role of parliamentary actors has to be regarded as being communicative in nature where parliamentary actors both communicate to the citizenry ("standing for" representation), getting their input ("responsiveness") and distribute these positions inside the political system.

Research on *parliamentary bodies in the European Union* – another body of literature which is relevant for this work – came in waves. From the 1960s on, research mainly focused on the European Parliament. It was analyzed with respect to its functioning and its overall impact on the EU's political system and its position as directly elected representative institution within the EU governance architecture (see i.a. Rittberger 2005; Rittberger 2012; Judge, Earnshaw 1999; Hix et al. 2007). From the 2000s on, this emphasis changed as questions about the democratic legitimacy of international and European governance arose. This lead scholars to take a closer look at national parliaments which ought to be closer to the citizens, as they dispose of a shorter representative link between the political sphere and the electorate (Hefftler, Rozenberg 2015, p. 16). Also, as parliaments can equally control their government in supranational matters it has been asserted that

they should play a more active role in international politics (Slaughter 2004, pp. 122–124). These waves of academic attention to EU parliamentary bodies contributed to the overall assessment that from a representative perspective governments should no longer have a monopoly on representing their citizenry beyond the state – as it had been an undisputed fact in international politics for a long time (Evas et al. 2012a, p. 11). From that perspective it has become undisputed that parliamentary bodies should engage themselves beyond the nation-state in their representative capacity.

Research on the *European Parliament*'s position inside the EU's political system is vast and covers many theoretical approaches and empirical aspects of its structures. Similar to the German Bundestag, the EP has been classified as a "working parliament" (Dann 2004, p. 415) that consists of a strong committee culture and detailed legislative work. Since the 1990s, the EP has been transformed into a co-legislator. Today it has the power to substantially amend and finally veto legislation as both the consent of the EP and the Council is required to conclude legislation. These formal powers of the EP in policy-making have been demonstrated lengthy elsewhere (Bache et al. 2011, pp. 308–311; Rittberger 2005; Costello, Thomson 2013; Häge 2011; Kietz, Ondarza 2010). Another important strand of research on the European Parliament takes a look at processes of institutionalization of the EP and it shows that it was particularly successful in using informal loopholes in order to consequently strengthening its position in the EU policy process (Héritier 2007; Rittberger 2005; Crum 2012). Also the relations and mutual processes of influence between the EP and the second legislative arm, the Council, have been scrutinized showing i.a. that the EP holds a distinct informal influence vis-à-vis the Council, although the latter institution still holds more procedural powers than the EP (Burns et al. 2013; Costello, Thomson 2013; Crum 2003). In this respect, the EP has been characterized "by an everlasting gap between the formal powers it enjoys and those it aspires to" (Crum 2012, p. 354). In terms of the individual level, the focuses of Members of the European Parliament have equally gained attention in the past decades, mainly based on the quest to situate the individual career pattern or orientations in the multi-level environment of the European Union that MEPs have to act in on a daily basis (see: Abélès 1992; Beauvallet 2007)

While the European Parliament has generated a steady academic interest, national parliaments were only recently acknowledged in EU studies. With the Treaty of Lisbon national parliaments for the first time have been directly included in the EU's primary law. In this context, they are supposed to ensure that the principle of subsidiarity is incorporated in legislation (Art. 5 TEU); to hold their government to account (Art. 10 TEU); and to contribute more broadly to the "good functioning" of the European Union (Art. 12 TEU). While national parliaments at first were considered as "losers" or "latecomers" of European integration (i.a. Maurer, Wessels 2001b; Raunio 1999), they have now stepped out from under the shadow to become policy-influencing actors in the European sphere (Calliess, Beichelt 2013; O'Brennan, Raunio 2007) as they increasingly shape and participate in EU affairs, be it on the national or on the European level.

Many studies from the early 2000s on have focused on the formal powers and institutional mechanisms to describe the processes of Europeanization of national parliaments (see i.a. Calliess, Beichelt 2015; Abels 2013; Patzelt 2013b, p. 32; Auel 2005). Although the reaction to Europeanization has been found to be similarly present across European national parliaments, it has also been conceded that it is not possible to speak about "the" national parliaments. Although NPs are united by the procedures of their authorization through free, fair and general democratic

elections, they dispose of strongly diverging powers and levels of influence in the EU political process. Furthermore, they differ greatly in the amount of time, staffing and knowledge attributes to EU affairs and EU legislation (for a recent and encompassing overview see Hefftler, Rozenberg 2015, pp. 2–4).

In terms of their position as representatives, members of *national parliaments* play diverging roles within their political systems, for instance between members of the opposition and the government majority that still continue despite the more consensual nature of EU policies in the national political arena. While the latter informally influences the government's EU policy rather outside the public realm, the former seek to establish themselves openly as alternatives to government and thus publicly seek to criticize and influence governmental actions, while also directly bypassing towards the European stage, see i.a. (Auel, Benz 2005, pp. 375–377)); or different roles between Members of Parliament (between those that represent sectoral committees and interests and those "Europeanizers" that aim to promote a European interest with a national parliament (see i.a. Calliess, Beichelt 2015, p. 174); or in defining new working roles of parliamentary actors (as gatekeeper, networker, or unitary scrutinizer, see Sprungk 2013).

Unlike the European Parliament, national parliaments are characterized by a rather feeble policy-making role on the EU level as they are rather able to influence legislation within their respective political system (and with respect to subsidiarity procedure on the EU level). NPs thus control their respective governments in EU affairs (i.a. Katz 1999, pp. 24–26; Auel, Benz 2005). They are furthermore important actors in terms of the communication of politics through public justification of political positions taken (Auel et al. 2015b). Due to their specific function within the EU political system they can be situated between policy-influencing and influencing parliaments. Therefore their strength is built on being entitled to receive information and the capacity to handle this information; to be able to participate in EU affairs and institutional structures; and to reduce asymmetries of information between national parliaments and their governments but also between NPs and EU institutions. Finally, the particular role of national parliaments within the overall construction of the European Union is still up to debate: While some authors stress the importance of the deliberative position of national parliaments within their respective systems to be used stronger in EU affairs (Neyer 2012); (Bellamy, Kröger 2014)), others highlight their policy-influencing and control functions (Ruiz de Garibay, Daniel 2011; Maurer 2012).

A further approach in the literature on parliaments in the European Union deals with the cooperation between the national and supranational bodies in order to enhance the overall legitimacy of the Union through parliamentary participation. Therefore it has been embraced on a normative basis that parliamentary actors not only play a more active role in the European Union but also exchange and cooperate in policy decisions in order to strengthen the EU's parliamentary democracy and legitimacy (Crum, Fossum 2013, p. 11; Crum, Fossum 2012; Crum, Fossum 2009; Abels 2015). At the same time, it has been equally asserted that the factual design of parliamentary representation in the European Union did not consistently evolve, hence nowadays a plethora of non-hierarchical and rather ill-defined structures of cooperation exists, leading to even more informal structures of cooperation (Maurer 2012, p. 23). However, most studies analyzing inter-parliamentary cooperation are largely formal-legal, they examine one specific parliamentary institution or take the greater picture of parliamentary democracy through both NPs and the EP.

Precise sectoral perspectives on how parliaments from both governmental levels are embedded in one specific policy area are still hard to find.

Two further flaws of parliamentary cooperation have been flagged in the literature: First that cooperation is impeded by diverging parliamentary cultures. This begins with differences in the meaning of parliamentary accountability and legitimacy due to different political systems and goes on with different perceptions on which role national parliaments respectively the European Parliament should play. Also parliamentary bodies have different institutional positions in their respective political arenas. Due to their diverging positions they will tend to reflect conflicting perceptions (Herranz-Surrallés 2014, p. 958). The second flaw of inter-parliamentary cooperation has been described as a lack of motivation of national parliamentary actors to participate therein. Although the level of participation has been increasing (Schulz, Broich 2013), these formats are characterized by less public visibility and political prestige than other parliamentary formats, which is leading to a lower motivation of parliamentary actors to participate. This lack of motivation has also been explained by parliamentarians with a lack of formal competences of institutions of inter-parliamentary cooperation. As most decisions are non-binding and provide less visibility to MPs, their respective motivation to participate therein is lower than compared to national level policy processes or to constituency-related work (Deubner, Kreilinger 2013, p. 7).

1.2.2 EU Budgetary Politics

The parliamentary budget authority is rooted in the authority to decide on taxes, its consent to the governmental budget therefore is the broader approval of the overarching governmental priorities. Therefore, budgetary research often stresses the parliamentary component within budgetary decision-making (Lienert 2013a; Müller-Osten 2007; Oppenheimer 1985; Wehner 2010). Nevertheless, it has been found that due to their short-term electoral focuses and territorial anchorage of their representative mandate parliamentary actors are by no means key actors of a responsible budgetary policy (Seils 2005). Also, election cycles do have an impact on distributional budget negotiations as for example more public money is spend in election years (Schneider 2013; Hagen 1998). Furthermore, research on the parliamentary dimension of budgetary politics discusses to what extent the parliamentary budget authority is still the powerful parliamentary tool it has been portrayed as, since today the parliamentary majority and the government dispose of close interdependencies. In any case, the literature largely agrees that parliamentary institutions are not budget-making institutions due to their institutional and procedural positions in modern democracies but that they do have an important role in budgetary influence, control and the justification of the political priorities taken in the budgetary process (Lienert 2013a).

Unlike in other political systems, budgetary research in the EU does not only cover the process and allocation of financial priorities within a political system, as classic budgetary politics allude too; EU budgetary politics more generally stand for the overall picture and institutional configuration, including the institutional battles, of EU integration (Kölling 2012). Accordingly, Lindner (2006, p. 6) highlighted four overarching reasons why EU budgetary research is particularly valuable: The highly re-distributive nature of the EU budget regarding the structural funds and the Common Agricultural Policy; the EU budget and the national contributions to the budget standing for the overall benefits and costs of the EU membership within national discourses; the structure and institutional linkages of the budget's negotiation process which gives rise to the all-embracing question of the direction of European integration; and finally the institutional battle between

supranational and intergovernmental interests within the budgetary negotiations (similarly also in: Laffan 1997, p. 2).

As being a political system "in the making" the allocation of budgetary powers and the added value of budgetary research has been of deepened interest. In this respect several theoretical angles have been deployed. The theory of fiscal federalism has been intensively studied in order to elaborate on the potential role of the EU budget within the broader European political system. It aims at finding a possible balance between the efficiency of resource allocation and the equity of redistribution within the broader context of decentralization versus centralization (see i.a. Laffan 1997, p. 29; Feld, Necker 2010; Heinemann 2005). Next to fiscal federalism, a further theoretical angle to assess the nature of budgetary politics is the analysis of veto-players (Tsebelis, Chang 2004, p. 473), as procedural structures of consensual decision-making prove to be important factors in setting the EU's budgetary priorities. Here, the path dependencies and institutional enclosure of budgetary institutions with relation to the outcome of budgetary priorities (Schild 2008) and the effects of veto players on budgetary outcomes (Benedetto 2013) have been studied among others.

The complex design of the EU budgetary system has also led to intense academic debates and since its inception, the EU budgetary system has been subject to criticism, be it by researchers, member states, parliamentarians or the European Commission. Although with diverging inputs and objectives for possible reforms of the EU budgetary process it has been acknowledged by all major political and academic actors that the present budgetary system represents only something between the second best and the least best option (Selle 2015, p. 3). The manifold points of critique can only be briefly touched upon here but shall give an idea of the academic avenues proposed for a reform of the EU budgetary system as discussed today. The critique can be divided in polity-, policy- and politics-related aspects:

On a *polity-level*, the most far-reaching structural deficits are detected. It has been criticized among others that the voting system in the Council would strengthen veto players which grew ever more complex in a Union of 28 member states (i.a. Neheider 2007; Neheider, Santos 2011). Other than in national budgetary systems, there is no hierarchy of decision and legitimation of budgetary decisions, the divergence of interests represents a defining structural deficit, which also mirrors the overall ambiguities of the EU political system. On the *policy-level*, it has been mostly criticized that the EU budget would not match the broader political priorities of the European Union, as major budgetary areas (agriculture, cohesion) are shaped with regard to strong path dependencies and incremental adjustments of the budgetary structure. They do not reflect today's policy challenges such as tackling growth related policy problems the European Union faces today (Iozzo et al. 2008). For this lack of streamlining of the EU budget to political priorities the lack of a commonly defined European public good has been made responsible, which could enable a definition of a broader aim of the EU budget (Becker 2012b; Hagemann 2012). Finally, the effectiveness of the budgetary programs and their implementation have been a constant source of contestation both with respect to the underfunding of the EU budget (European Court of Audit 2014), and due to the failure of member states to prevent corruption in budgetary implementation (OLAF 2014).

With regard to the *politics* of the budgetary process the intransparency of the negotiations have been regarded as fueling the short-sighted interests of member states at the expense of a European public good. Also, the process of budgetary negotiations is criticized because it supports the dominance of net payer over -receiver countries (Iozzo et al. 2008, p. 1) leading to "unproductive" fights between the budgetary authorities (Laffan 1997, p. 2). In this respect, both various

intergovernmental configurations within the budgetary process and the role of the European Parliament as being a direct budgetary veto player featured among the distinct focuses of research (Becker 2014c; Benedetto 2015; Benedetto, Milio 2012; Kauppi, Widgrén Mika 2009; on the EP in particular: Feo 2015; Munoz 2014; Bauer et al. 2014). Due to this widespread critique on the functioning of the EU budgetary system, a reform of budgetary procedures has been at the core of the academic debate. Although it has to be acknowledged that "changing the process is a necessary – if not sufficient – condition for any significant reform of the EU budget" (Neheider, Santos 2011, p. 632).

As what regards the overall parliamentary dimension of EU budgetary politics it has to be noted that there has been on the one hand a distinct focus on the European Parliament's position as budgetary actor both from a historical analysis of the development of its budgetary rights and its current position and leeway in budgetary negotiations – as reflected on above. In the wake of the financial crisis, however, the national parliaments – and especially the German Bundestag – came back to academic debate as national budgets were directly affected from the crisis measures taken. But while the national budgetary debate on EU matters has been mostly related to these direct national budgetary responses to the financial crisis such as the setting up of the ESM or the EFSF, the overall impact on the EU budget has been largely overlooked.

1.3 Literature Gaps and Research Question

Facing the overall interest of research of this study – the ambiguity of parliamentary representation between parliamentary levels in the EU budgetary process – the body of literature presented above remains deficient in two areas:

With regard to *the European Union's representative system*, representative studies perceive the electoral and territorial nature of a given political system as important dimensions in order to differentiate between parliamentary (electoral) and other (territorial, functional etc.) forms of representation. However, in the European Union, the factors of territorial and electoral representation also come into play within the more narrow area of parliamentary representation itself. By confining the question of parliamentary representation in the European Union, this work aims to shed light on the interdependencies and the precise balance between modes of competition and cooperation that are at play *within* parliamentary representation.

Secondly, with respect to the *parliamentary budget authority* in the European Union, academic attention on budgetary politics has been focused most notably on member state negotiations; the role of the EU institutions vis-à-vis member states' interests; or the overall financial architecture of the EU. However, there is no interconnected view on how parliamentary actors perform and shape the EU budget authority, which is functionally divided between national and supranational parliamentary actors as both levels contribute to the legitimization of EU budgetary decisions.

Considering the research interest presented above and regarding the relevant literature on this matter, the research question for this study will be the following:

> **To what extent does the parliamentary performance of the EU budget authority reflect the ambivalence between territorial and electoral representative interests in parliamentary bodies?**

The question aims to shed more light upon the nature of parliamentary representation inside the EU multilevel political system in budgetary politics. Therefore, two dimensions will be looked upon more closely in this study: A first strand of analysis seeks to better understand the parliamentary budget authority in the EU budgetary system, while a second strand aims at a closer look at parliamentary representative interests and pattern of competition of cooperation in parliamentary representation. From this perspective the answer on the shape of the parliamentary budget authority in the EU political system and the direction of representation between territorial and electoral interests enable a better understanding of the workings and the shape of EU parliamentary representation overall.

1.4 Structure of Analysis

The line of analysis of this work proceeds along a close empirical investigation of the European budgetary process by incorporating both the formal-legal and factual embeddedness of parliamentary representative actors in the EU budgetary process. In understanding the European Union as a political system (Hix, Høyland 2011), the analysis of the parliamentary performance within this system enables me to use the instruments of policy analysis and comparison to national political systems in order to determine the nature and functioning of the EU's budgetary system from a parliamentary representative perspective. Therefore, in terms of the sectoral policy area under research, understanding the European Union as a political system, the budgetary process and the budgetary functions of parliamentary bodies can be measured against the overall conditions of modern national budgetary politics and their historical development – while taking into account the distinct structure of the EU multilevel polity. Therefore, budgetary research in the European Union has both alluded to the overall allocation of budgetary priorities within the European Union; the implication of the quasi-federal nature of the Union for its budgetary structures; and the institutional battles connected with budgetary questions in the European Union.

Consequently, unlike testing a theoretical model or specific causal relationships, this work aims at empirically analyzing and explaining the precise representative interests of parliamentary actors inside the EU multilevel system. Emphasis is therefore put on a high internal validity of the case. Hence a single case study design has been chosen in order to better understand how parliaments situate themselves in the EU budgetary process both from a substantive perspective and the representative orientation of parliamentary actors (Gerring 2009, p. 116). The case must be suitable to shed light on the more general position and state of budgetary involvement and parliamentary democracy in the European Union in terms of a most likely case (Gerring 2007; Jahn 2013, p. 328). In this respect, the negotiations on the Multiannual Financial Framework 2014-2020 are regarded as a crucial case of parliamentary embeddedness in the EU budgetary system. It will serve as the case to analyze the performance and representative principles standing behind the parliamentary budget authority in the EU multilevel system (see case selection, chapter 4.1).

In terms of analysis, this study aims to be a holistic analysis of the case by taking both the formal-legal position of the parliamentary actors in the EU budgetary process and their factual performance into account. The focus being on the communicative dimensions of representation which are mirrored in the representative coordination and the public debate. The two parts of parliamentary representation in the EU – the parliamentary budget authority and the pattern of competition and cooperation – are interwoven and cannot be strictly separated. Therefore, the

empirical analysis in part II) and part III) takes both dimensions into account which will then be disentangled and separated in the concluding part of this study.

In the following, the precise structure of argumentation will be considered more closely. This project is divided in three parts that dispose of diverging analytical aims (see also figure 1.1). The structure follows the overall structure of policy analysis where both formal and factual embeddedness of specific groups of actors are taken into consideration (Jenkins 1978; Parsons 1995).

Part I) will deal with the overall *analytical foundations of this work*. In terms of the two overarching research interests that are connected in the quest to better understand the nature of parliamentary representation in the European Union's budgetary system the conceptual frame for analysis comprises both the perspective of representative government and of the parliamentary budget authority. Research on parliamentary representation stands for the guiding analytical focus of research as it shapes the perspective to be found in the following analysis. In this respect representation is understood as an interactive and dynamic process following both classic strands of representative theory and a social-constructivist reading (chapter 2). The parliamentary budget authority complements the conceptual perspective with concrete tools for the analysis of the parliamentary embeddedness in the EU multilevel political system. It will therefore also take a look at the structure of parliamentary budgetary oversight and its development (chapter 3). Furthermore, part I) will discuss the operationalization of the conceptual foundations for the following analysis in elaborating on the means and focuses of analysis for this single-case in depth study.

As both the formal-legal and factual analysis of representation is of interest in this work, part II) is dedicated to the formal context of action, while part III) analyzes the factual performance of the budget authority inside the EU multilevel political system. The process of representation as being mandated by the formal-legal EU political process is therefore understood as a precondition to properly assess the factual performance of parliamentary actors in the MFF 2014-2020 negotiations. It is perceived as being indispensable to take a wider look at the functioning and development of the EU budgetary system and the parliamentary inclusion therein before turning to the symbolic and communicative budgetary performance in the case of the MFF negotiations.

In this respect, part II) aims to provide a *more detailed picture of the parliamentary budget authority* in the European Union. As both the national and supranational parliamentary levels are functionally embedded in the legitimation of the revenue and expenditure parts of the EU budget, part II) will first take a comprehensive look at the EU parliamentary system (chapter 5). Here, the nature of parliamentary representation in the EU multilevel political system will be treated, contemplating both the supranational and national parliamentary level and the structural linkages between parliamentary bodies. A closer look at the budgetary system in the European Union and the parliamentary embeddedness therein will follow which will be done through the lense of the European Union's budgetary policy cycle (chapter 6). The EU budgetary process and the formal anchorage of the MFF 2014-2020 negotiations will be equally considered in order to gain a better picture on the formal-legal budgetary process (chapter 7).

Part III) deals with the *performance of the EU parliamentary budgetary authority*. Here the factual embeddedness of parliamentary actors in the EU budgetary policy process will be analyzed taking an emphasis on the symbolic and communicative strands of parliamentary representation. One focus of analysis will be on the internal dimension of representation, reflecting the coordination of

representation inside the political system (chapter 8). A second focus will be on the external dimension of representation, which is related to the public sphere. Hence the public and communicative take of parliamentary actors on budgetary policies will be assessed (chapter 9). This approach enables me to analyze both aspects that are of importance for the representative relationship – within the political system and towards the electorate and the wider public. Again, the overall ambivalence between competition and cooperation will be a guiding element of the analysis.

The *conclusion* (chapter 10) aims to disentangle the representative patterns between competition and cooperation and the parliamentary budget authority which have been treated jointly in part II) and part III).

Figure 1.1: Frame of argumentation

	Emphasis in Analysis	**Aim of Section**
Part I)	Taking research on parliamentary representation as a starting point for the analysis, being conceptually supported by research on the parliamentary budget authority.	Conceptual and methodological frame for analysis
Part II)	Situating parliamentary actors in the EU political system in terms of their formal-legal embeddedness with respect to the nature of parliamentary representation in the European Union and the shape of the EU's budgetary system and parliamentary inclusion therein.	Formal context of action
Part III)	Position, perception and embeddedness of parliamentary actors in the EU budgetary process related to the internal and external dimension of representation.	Factual performance of representation
Conclusion	Disentanglement of the EU parliamentary budget authority and the direction of parliamentary representative interests in the budgetary process. Answering the research question relating to the factual performance of the EU budget authority and representative interests.	Determining substantive budget authority and representative interests

PART I) ANALYTICAL FOUNDATIONS

2. PARLIAMENTARY REPRESENTATION

In the following, the overall nature of representative politics and the inclusion of parliamentary actors therein will be presented that will later guide the analysis of the parliamentary dimension of representation in the European Union.

2.1 Representation – An Interactive, Dynamic Process

"Representation" is a notoriously vague notion, as it depicts a variety of institutional, procedural mechanisms and actors. There is thus all but consensus of what representation is or in fact what it means (Patzelt 1993). There is not one overarching theory of representation but a multitude of theoretical approaches which can be subsumed under the notion of "representation". Most prominently, such a compilation has been provided in 1967 by Hanna F. Pitkin who classified diverging families of theoretical approaches under the heading of representation (Pitkin 1967). Most generally and with respect to the political sphere, representation is conceived as an overarching function of democratic political processes and is a major source of creating legitimacy of a political system (Patzelt 2003, p. 17). Political action from this perspective aims at representing societal interests in its policy outcomes that are nowadays mediated through parties, governments and parliamentarians.

> "Representation involves a relationship between a represented and a representative, and concerns an object (interests, opinions, etc.) taking place in a particular setting (the political context) before a specific audience" (Kröger, Friedrich 2012, p. 5)

All representative processes are thus relational in nature, they build a relationship between the representative and the represented – a relationship which may differ due to the respective context representation is performed and depending on what is deemed as appropriate or not.

Despite the initial connection of the term representation with our modern political system, the concept of representation is not only used within a state-centric context, as the most general definition is much broader than being limited on political processes only:

> "Representation, taken generally, means the making present in *somesense* of something which is nevertheless *not* present literally or in fact." (Pitkin 1967, p. 8)

Making present, or committing the represented in their absence can thus be attributed as being a classical view of representation and may relate to a broad variety of cased which are not necessarily connected to the modern nation-state, such as representation in associations, in enterprises and other social entities. In this respect, relating to overall broadness of the concept of representation a good deal of representative theories and research was dedicated to the question what representation actually *is*.

Nevertheless its diverging meanings, the understanding of representation is most often used with respect to democratic political systems and with regard to parliamentary representation more generally. In **democratic politics**, the concept of representation is a core concept, as "modern democracy is basically organized through representation" (Deschouwer et al. 2014, p. 1). Although, not necessarily being equal to the concept of democracy, the modern understanding of political representation is closely linked with the performance of a democratic political system as

representation serves the overarching aim of political equality of the citizenry. It is only through the mechanisms of "committing someone absent" that democratic politics can be conducted in modern and complex nation-states as the representative principle aims to depict all relevant ideas and collective preferences within its policy outputs.[2]

For representation to be democratic, representatives need to be authorized, they need to promote the interests of the represented and it has to be possible that the represented hold the representatives to account (Pitkin 1967, p. 43). Therefore in today's representative democracies, political power is taken from the people – as being the sovereigns – in general, regular and free elections and transferred to political representatives who are able to commit the represented in their absence. In this respect, representation has to be understood as a democratic meta-standard building upon institutional foundations in order to make representation democratic. However, at the same time it equally has to be conceded that representation itself disposes of an undemocratic nature given the fact that it is most-likely elite representatives instead of the totality of the electorate taking decisions (Rousseau 1968, p. 141).[3] But given the complexity and size of modern nation-states, the representative principle disposes of the structural precondition to enable a democratic representation of the electorate. In this respect it has to be conceded that

> "Representation (…) is not just democracy's only hope in a modern world. It is also a principle source of frustrations, disappointments and conflicts (both real and intellectual) that surround it" (Evas et al. 2012a, p. 13)

Although, representation and democracy were not linked in the longest time of history, they have become increasingly intertwined in modern nation-states. As the governance over a nation was determined by territorial boundaries, also the representative principle was tied to the nation-state and thus enabled the emergence of democratic processes of representation linked with a specifically confined territory of representation (Decker 2002). Nowadays, however, democracy and representation, though conceptually kept apart can only thought about in a linked relationship in order to assess the overall quality and legitimacy of a given political system. As has been noted by Daniel Gaxie, the legitimacy of any given state can only be assessed through the quality according to which its major principles are excericed (Gaxie 2000, p. 7). Therefore:

> "Seen in the *longue durée* representation has been a decisive ally of democracy, insofar as it fundamentally helped to alter the latter conditions of possibility" (Hobson 2008: 451)

Representation can thus be conceived as an important tool to achieve the political equality of citizens inside of a given political system. In this respect, a representative government is assured through regular, free and fair elections that authorize political leaders to take authoritative decisions for a limited period of time and that are at the same time accountable for these decisions in front of the electorate. Thus for a government to be representative, a delegation of power from the citizens/the electorate to the political sphere needs to be assured (the famous "chain of delegation")

In this respect, the question of what representatives actually do – in terms of a delegation of power or a filling of representative roles – stands in the focus of representative research until today: On

[2] As Hanna Pitkin wrote: "Through much of their history both the concept and the practice of representation have had little to do with democracy or liberty" Pitkin 1967, p. 2.

[3] Similar arguments are equally voiced today with respect to perceived problems of representative democracies, see i.a. Ankersmit 2002; Urbinati 2011.

the one hand there are formalistic theories that aim at the institutionalization of representation inside of political systems and of the process of representation. For example the classical principal-agent framework that guides the allocation of decision-making competences from the citizens to parliamentarians to the government et cetera (i.a. Saalfeld 2000; Bergman et al. 2000; Deschouwer et al. 2014, p. 5). On the other hand there is the substantive perspective on representation which regards the performance of the representative actors and the precise relationship between representatives and represented. Here the question of how political actors understand and live their representative roles is of vital importance. A question which has been famously answered by Wahlke et al. as 'trustees', 'delegates' and 'politicos' in the US-American constituencies (Wahlke et al. 1962) and which is used in representative research until today (Kröger, Friedrich 2012, pp. 5–6).[4] These strands, as diverse as they are, have in common that their main interest is the examination of the institutional preconditions that foster different representative structures in order to better understand the link between the citizens and the political system and the transfer of political positions from one sphere to the next. Both frameworks relate to the overarching question – which still is much debated today – on how political equality of citizens can be assured inside modern plural political systems, and which institutions are best suited to assure this representation. This is also due to the fact that representation as such is not a singular, easy to grasp concept since it related to a multitude of processes between representatives and represented but also within the political system itself. Therefore, representation has to be understood, as a balance notion between both governing and representing (Sartori 1968: 469; cited in: Patzelt 1993, p. 29).

Representation cannot be understood as a unidirectional theoretical perspective but rather as a process between representatives and represented on a multitude of levels – formal, substantive, descriptive representation. It is a moving target since there is no *telos* in representation: There is no representative end-state with a fixed definition on when a particular political system is "representative" (Ankersmit 2002). From this view, not only formal institutional configurations but also the individual processes of representation and their representative dynamics have to be taken into account. Representation therefore needs to be understood as a process between representatives and represented where channels of interaction and communication are formed in order to respond to citizens' concerns, circulate interests, and allocate resources with the general aim to legitimate the political system as a whole. Representation is therefore no single act between representatives and represented, rather it is a process of a steering of interests within a political system.

> "Political representation is primarily a public, institutionalized arrangement involving many people and groups, and operating in the complex ways of large-scale social arrangements. What makes it representation is not a single action by any one participant, but the over-all structure and functioning of the system, the patterns emerging from the multiple activities of many people" (Pitkin 1967, pp. 221–222)

As being a systemic feature of political systems, representation aims at capturing the complexity of political processes from the perspective of how – ideally – the totality of societal interests are represented within this political system (Patzelt 1993, p. 37). This is also because representation always disposes of a competition between the representative actors involved in the system of representation with regard to the recognition of societal problems and their political solutions (Patzelt 2003, p. 23).

[4] This has also be enlarged to the European Union and its member states (see i.a. Blomgren, Rozenberg 2012; Strom 1997).

This process-oriented nature of representation has been recently underlined by a "constructivist turn" (Lord, Pollak 2013, p. 520) in representative theory. Here, the perspective on representation as a formal process has shifted towards questions about the dynamics and the performance of representation. With this approach, the individual construction of the representative process was taken into the focus of representative analysis. As modern societies have to cope with processes of increasing differentiation, transnationalisation and the increase of access points to political decisions, the emphasis from this perspective has been on the process of representation and the dynamics of its political actors and less on the institutional features of representative systems. As from a normative perspective, representation can be described as delegation of power in terms of a division of labor ((Patzelt 1993, pp. 40–42); (Bellamy 1996, p. 448), not only the question of how this labor is divided in a chain of delegation between represented and the representatives but also what happens within the manifold actors within the political sphere and how perceive their role in this process as a dynamic approach to representation.

It is demanded therefore to focus more "on what representation does and not what it is" (Lord, Pollak 2013, p. 520). From this perspective, representation is understood as a process where representative actors construct and (re)negotiate political representation as being a crucial part of the democratic process. Following Saward (2006; 2010), this negotiation takes place through representative claims that are voiced by representatives and accepted or rejected by the represented. Through this view, Saward aims at finding out "what is going on *in* representation - its dynamics, if you like - rather than what its (old or new) forms might be" (Saward 2006, p. 298), as the classical approaches to representation, in his view, focus too much on modes and styles of representation and not the interactive relationship that distinguishes it. Representation in his view is a social relation between representatives and represented (in form of representative claims) which amounts to a constant dialogue between both worlds, the political and public one. Therefore it is precisely this social interaction in the representative system that is then translated into policies (Wilde 2013) and that enables to match interests of the represented with the power structures in the representative system. In order to understand this dynamic nature of representation, Saward has developed the approach of claims making that takes an interest in the discursive frames representatives use, how they portray the represented et cetera. He understands representation as an 'economy of claims' as "it is the spokesperson who creates the group" (Saward 2006, p. 302–302) in a performative action.[5] From this perspective, representative actors can be both the classical elected parliamentary actors but also executive ones and civil society/interest groups as long as they speak in the name of a specific societal group and claim to be representative.

Summarizing the constructivist approach to representation is thus to focus less on precise formalities of representation (what representation *is*) but rather on the performance and dynamics of representation (what representation *does*). In this respect, representative politics are not only challenged by powerful transnational actors and new arenas of decision-making but also by the multiplication of formal and informal structures and actors of democratic representation (Lord, Pollak 2010, p. 123).

For this work, the classical, formalistic, approach to representation in taking into account the institutional structures enabling and constraining parliamentary representative processes, and the

[5] In this respect, Saward follows a Bourdieusian approach to representation who also stressed the performance of representation by the spokesperson Bourdieu 1992.

dynamics of a constructivist understanding of representation are both regarded as valuable analytical avenues. Specifically with regard to the EU policy process, which is distinguished by a high level of complexity, diverging representative fora, actors and mechanisms, the formalistic institutional set-up of representation is of a particular importance. Precisely the questions raised by formalistic approaches such as: Who is represented in policy-making; which institutional configurations are used in the representative relationship; are of interest to this work. But also the constructivist perception of representation as a dynamic process which is predominantly steered and shaped by the perceptions of the representative actors involved in this process, inside the political system seems particularly pertinent. Again precisely with regard to multi-level and transnational political system such as the European Union where a multitude of representative actors shape and construct their roles in relation to other representative actors within a system which is not clearly defined with regard to the representative principles employed by the respective representative actors. In the process of representation, channels of interaction and communication between representatives and the represented are formed in order to respond to citizens' concerns, to circulate interests, and to allocate resources (Patzelt 1993). As a dynamic concept, representation also relates political actors towards one another in terms of their preferences and beliefs as to whom and what to represent. Thus, it is also these links *between* representatives that form a political system and thus reflect the plurality of a given society within the political system.

In the following, the analysis will thus build on those two strands to capture the dynamics and the process of representation. Building both upon the formalistic perception of the institutions of representation and the dynamic understanding of a constructivist approach, representation is understood as a dynamic process where representative actors shape and negotiate their roles and positions inside the political system in order to represent their constituency and self-interests by which they link citizens with the political sphere. In this respect representatives can be understood as "context interpreters" (Fenno 2000: 6, cited in Auel, Christiansen 2015) as they make choices according to their perceptions of the social context they are embedded in. In multi-level politics, a multitude of representative actors is present in political processes which is why their dynamic relationship is of specific interest. The analysis of the complex EU representative system in terms of a dynamic approach enables me to better link the EU's representative structure to the normative question of parliamentary representation in the European Union. In this context, the constructivist, dynamic approach is particularly valuable as it shows "how political representation is more than the formal process of authorization and accountability" (Kröger, Friedrich 2013b, p. 161).

2.2 Parliamentary Representation

The plurality of modern political systems also is one reason for that the actors of representation inside political systems also become more and more plural, as an increasing number of representative organizations also play a dominant part in political processes. This work however perceives the formal institutions of representation as the most important holder of a democratic and representative legitimacy inside of a political system. However, although it is well understood that representation through parliaments and elections can only be but the necessary condition for democracy, while the rule of law, a pluralistic civil society, free speech and free media are further

sufficient conditions for a democratic political system (Evas et al. 2012a, p. 13).[6] From this perspective, parliaments are one of the most important

> "means by which the measures and actions of government are debated and scrutinized on behalf of citizens, and through which the concerns of citizens […] may be voiced. The extent to which they carry out such actions, and are seen by citizens to carry out such actions, may be argued to constitute the essential underpinning of legitimacy of the political system in the eyes of electors" (Norton 1998, p. 1).

From the general notion of representative politics as being a dynamic process that links politics with the broader society and thus contributes to the overall legitimacy of a political system, parliamentary actors are of major importance as they circulate interests, exchange perspectives and allocate resources. As the above citation nicely underlines, parliamentary representation inhibits a strong public and communicative element, as not only parliamentary representatives need to stand for their electorate within the political process but also need to communicate this to their electorate and constituencies.

It has become clear above that the concepts of "representation" and "representative democracy" are diverse. But what all modern representative democracies have in common is that they dispose of parliamentary assemblies whose members are selected in direct, regular, free and fair elections. In this respect,

> "elections are the basic procedure by which members of the society give the political elite the right to govern in the name of the people" (Deschouwer et al. 2014, p. 1)

From this perspective, parliamentary representation ideal-typically follows the *principle of homology*. This means that equivalence is sought to be created between the structure of representatives inside parliament and the interest structure of those groups of people the representatives seek to impersonate. Therefore, the main cleavages, social struggles and problems of a multitude of social groups should be – idealtypically – represented in the parliamentary realm (Gaxie 2000, p. 124).

Parliamentary actors thus serve as a functional corner stone of representation: Although a political system's legitimacy is not uniquely tied to parliaments, representation in modern nation-states cannot be thought of without the legitimation of the government and its institutions through parliamentary bodies. Parliaments are the backbones of representative democracy as they link the citizenry with the political sphere as parliamentarians are the direct representatives of the electorate. This underlines the territorial nature of representation, as parliamentary representation is bound to a specific territory within which elections are held and which characterize the territorial link between the representatives and those they represent. As being representatives of the citizenry and being ideal-typically assembled in a homologous manner to society, parliaments function as the most important link between the political system and its administration and the society and the citizens they represent (Patzelt 2003, p. 22; Schüttemeyer, Siefken 2008, p. 502). Representation can thus be regarded as the "principal function of a legislature" (Wahlke et al. 1962, p. 11). Also, because legislation and representation are closely connected inside parliamentary bodies: If representatives decide on laws that will bind the citizenry, these will only be accepted if the representatives are regarded as legitimate and if citizens thus feel represented by their decisions (Wahlke et al. 1962, p. 267). This equally implies that "the representatives' decisions must be

[6] Different to other scholars that highlight the importance of representative actors from civil society to provide for an increased legitimacy of political systems (see i.a. Schmitter 2012; Rosanvallon 2008; Pettit, P. 2010)

accepted as legitimate and authoritative if the representatives have been selected in the approved manner" (ibid).

The overall legitimizing function of parliaments is due to their electoral selection as a "mirror" of the society. Therefore parliamentary representatives need to be characterized by means of responsiveness and accountability towards their voters. Citizens are entitled to judge the output of a political system at Election Day and over the intervening time maintain their "diffuse support" (Easton 1965) for the political system if they feel well represented. This direct representation of citizens in and through their parliament is forwarded through a chain of legitimation from directly elected parliamentarians towards the government as being accountable to parliament. Therefore, policy outputs on a more general basis have to be "in line with the collective preferences of parliament" (Sieberer 2011, p. 732) in order to maintain legitimacy.[7] And the collective preferences of parliament on a long-term basis need to reflect the preferences of the popular majority in order to keep this legitimacy. From this perspective, parliamentary actors have to be considered as the primary representative actors as they link the citizenry to the political system. This maintenance of legitimacy (both of parliaments as a political organization and of its members as individuals) is created through elections[8] that create a direct link between the members of parliament and their constituency. This direct link implicates that first, MPs are accountable to their voters which is leading, second, to their responsiveness vis-à-vis the problems, issues and wishes of their constituency and the creation of an – ideal typically – dense network between parliamentarians, their electorate and other civic organizations (Rockman 1985, pp. 521–522).

According to Patzelt (Patzelt 2003, pp. 22–26), parliaments dispose of four major representative functions: Communication and networking; responsiveness; expressive function; and a communicative leading function. Through the communicative and networking function, parliamentary actors create dense networks with all relevant parts of society; the function of responsiveness describes the reverse relation, where issues that are relevant for the respective constituency are absorbed in the political process; the expressive function[9] relates public function of legitimation, where parliament and its work is presented as being the legitimate body to act on behalf of the citizenry. Here, it is not only words but also actions to show to the electorate that something is done. Finally, the communicative leading function (or "teaching function") is to explain the information of the electorate and the public on political choices taken from parliament or single parliamentarians. These ideal-typical functions depict the manifold emphasis of parliamentary work and thus describe the totality of the parliamentary work of representation. Members of Parliament do not fulfill all of these functions in a similar intensity as some parliamentarians value their networking function higher while other seek a strong responsiveness vis-à-vis their electorate. These divergent emphases have been famously described by Fenno (1978) with the divergent roles members of parliament hold.

All of these functions, however, are linked through a strong emphasis to communication:

> "Through deliberation, parliaments express the opinion of the average man (expressive function) and educate the nation (informative function)"(Puntscher Riekmann, Wydra 2013, p. 570)

[7] Of course, the collective preference debated refer to parliamentary majority, but nevertheless all relevant arguments are debated in parliament.

[8] Elections in this sense naturally means democratic elections that ought to consist of general, direct, free, equal, and secret elections (see i.e. German Basic Law Art. 38).

[9] Which sometimes is also called "public function", "communicative function" or "articulation".

This overarching representative element of communication and deliberation through parliaments on the one hand takes place within the political system where MPs strive to gain support for specific positions and aim to convince other members of their initiatives. On the other hand parliamentary actors equally need a strong communicative function towards the public sphere and their electorate in order to be responsive to problems of the citizenry and to maintain a linkage with relevant civic actors. Therefore, parliament's main vehicle for legitimacy certainly is communication (following Heinrich Oberreuter: "legitimation is communication", cited in Patzelt 2003, p. 25). In this respect, an important side-effect of the overarching communicative function of parliaments relating both to the internal representative work and to the external linkage function of representation is that of the deliberation of policies.

> "Elected assemblies are meant to make society present and to let it deliberate about its future policies." (Deschouwer et al. 2014, p. 1)

As parliaments can be regarded as the normative embodiment of representative procedures[10] in modern nation-states, the means and the process of coming to a parliamentary position is of importance both in the inner-parliamentary deliberative process and the expressive function of parliament towards the public:

> "The parliamentary principle combines rules for inclusion of those affected with rules for deliberation and voting that aim at ensuring public debate, as well as reaching collectively binding decisions within a given time limit" (Eriksen, Fossum 2011, p. 6)

In the performance of representation, processes of deliberation and communication inside parliament and the communicative role with respect to the electorate take place in a modus of competition. This "representative competition" is founded in the process of representation itself. With being elected comes the right to represent a given population in case the electoral competition is won. It is a competition between diverging interests, between different actors and diverging perceptions on specific electoral interests. In short: A competition for specific positions of power within a political system (Gaxie 2000, p. 11). The fact that this struggle to compete for votes between diverging actors is nowadays conducted through peaceful means is a great achievement. Centuries before the installation of democratic representative politics, the right to be eligible to represent a given population was mostly done through violent means.

In modern representative systems, which are characterized by great size and complexity, the competition between diverging interests and positions is no longer taken on an individual level but it is channeled through intermediary institutions, parties namely. The rise of party politics and joint political programs that are conducted through collective deliberation, education and formation of opinion, contributed to the stability of political systems. Equally this stability and coherence in voting procedures through the inclusion of parties representing major cleavages of a society thus enabled to predict the course of a nation according to the choice of its representatives. In this respect, todays representative competition being conducted through political parties acts as a "mental shortcut" (Deschouwer et al. 2014, p. 2) for citizens with respect to their electoral choices. Parties are necessary vehicles – although most often not having a specific position inside a political

[10] Of course it has to be acknowledged that the present representative systems dispose of considerable flaws which have been i.a. debated under the label of "post-democracy" (see i.a. Crouch, Gramm 2009; Mouffe 2005; Wöhl 2013). As this work takes a normative perspective on the nature of representation, the representative link through parliamentary bodies is nevertheless still the closest found to voice all relevant positions in a given society.

system's constitutional order – for the organization of political systems as they offer easy means in depicting the major cleavages a given society disposes of and that are correspondingly reflected inside the parliamentary assembly and in the public discourse. In this respect, despite being not directly part of the representative relationship, parties are equally subject to the representative mechanisms of authorization and accountability. If they are not implementing their electoral promises citizens will not authorize their government again.

The creation of a dense network between parliamentarians, their electorate and other civic organizations is therefore based on the competition between diverging views on society and social/economic problems which are expressed by the competition of different parties that provide the citizenry with choices and alternatives of "who should govern" and thus further legitimate the political system (see Pitkin 1967; Laver, Shepsle K. A. 1999). Therefore it has to be equally noted that modern representative systems are always party democracies, too (Przeworski et al. 1999; Mansbridge 2003).

It has already been noted that parliament should be regarded as a mirror to society. In seeking reelection and representing "their" electorate, parliamentary actors have strong communicative functions in order to remain accountable to the voters. Hence, parliamentary actors' networking function establishes dense relations to a multitude of civil actors, the constituency and other organizations representing a direct link between the political system and the society. Thus, given these dense networks of interaction and communication, all relevant social views, problems and perspectives should be – again, ideal-typically – present inside parliament according to the principle of homology (Patzelt 2003, p. 23; Gaxie 2000, p. 124).[11] In their representative function of linking the public to the political sphere, parliamentary actors thus seek to form channels of interaction and communication in order to circulate interests, allocate resources, legitimate the political system (Patzelt 1993, p. 48).

In this respect, "the relational reading of the representative process conceives the public interest as constructed via an ongoing dialogue between the particular interests of citizens" (Bellamy, Castiglione 2013, p. 213). From this perspective, parliamentary representation disposes of a two-fold dynamic which is closely interlinked: First, the external representation between representatives and their electorate and second, between representatives themselves within the parliament. Both dimensions of parliamentary representation seek to establish networks of communication and interaction, where parliamentary actors compete with each other within the political system.

Therefore, parliamentary actors and institutions create and maintain the legitimacy of a political system as they need to be responsive to the interests and preferences of those they represent. Consequently, the two major mechanisms of parliamentary representation are elections and responsiveness (Kröger, Friedrich 2013b, p. 156; Patzelt 2003, pp. 18–20). Within these two mechanisms lie the principles of parliamentary representation, which is both always ties to a specific territory (e.g. a specific electorate parliamentary actors are responsive to) and parliamentary

[11] This ideal-typical view, of course, does not always match reality. First, it is often claimed that the highly specialized parliamentary politics, due to their intellectual requirements do not enable a proper cross section of society (probably the earliest on this: Rousseau 1968, p. 141), furthermore, the task to representation itself becomes increasingly complex: While in the 19th century's parliamentary monarchy most representatives were voted through gaining the majority among 600 voters Gaxie 2000, p. 41, todays representatives in Germany represent an average of 200.000 people within their respective electoral districts (see BWahlG), which is making the task of a representation of citizens less likely due to the sheer size of electoral districts.

representation includes the notion of party-political structures as intermediary institutions with regard to the electoral mechanism of parliamentary representation.

2.3 The EU Representative System

With regard to the precise channels of representation inside the European Union, emphasis is put on the **formalistic representation** in order to underline which institutions and interests are represented and how. This focus on the formalistic side of representation is due to the overarching challenge to first determine what representative democracy in a non-state supranational system means at all (Sprungk 2013). Different to other International Organisations that are legitimated through national governments which uphold the representative link to the citizens, the European Union is characterized by both intergovernmental structures and genuine democratic structures.

The EU postulates in its primary law to be a representative democracy. Since the Treaty of Lisbon, the EU's political system therefore officially rests on the normative foundation of being a representative democracy:

> "The functioning of the Union shall be founded on representative democracy. Citizens are directly represented at Union level in the European Parliament. Member States are represented in the European Council by their Heads of State or Government and in the Council by their governments, themselves democratically accountable either to their national Parliaments, or to their citizens." (Art. 10 TEU)

In this respect, representation is a key concept to understand and analyze the democratic legitimacy of its political system (Kröger, Friedrich 2013b, p. 157) and has also been described as a "meta-standard" (Lord, Pollak 2010, p. 125) of the Union's political system. Accordingly, as in any other modern and democratic political system, the European Union sets the normative goal that representative actors ought to play a major role in in linking its citizens' interests to the political sphere. Therefore, different to other international bodies, the European Union aims at creating a direct link with its citizens thus taking into account the overarching representative principle of the equality of individuals enabled through parliamentary representation.[12] However, the overarching principle of representative democracy does not stand alone in the EU's political architecture. It is accompanied by an even older foundation of EU politics which is the principle of political equality of member states (Art. 4 TEU).[13]

The concept of representative democracy – as it has been elaborated above as the equality of citizens and their representation in the political system – is thus brought together with a second overarching concept – the equality of states.[14] It has already been introduced that representative politics are marked by a constant quest and competition for power between the representative actors that are involved in the political process. This balancing function between diverging actors and interests inherent in representative democracies becomes even more complex in the institutional set-up of the European Union that is characterized by two overarching representative principles which also entail diverging subjects of representation.

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[12] A legal principle which is – next to Art 10 TEU also directly named in Art. 9 TEU.

[13] Article 4 TEU posits the equality of the member states before the Treaties and calls upon solidarity and loyal cooperation among the member states and between the member states and the EU institutions.

[14] A further representative principle, the representation of specific interests Bartolini 2005, is equally present in the Treaty of Lisbon where Art. 11 TEU postulates the coordination of policy initiatives with representatives of the European civil society and representative associations.

The representative principle of the equality of individuals is a classical representative function performed by parliamentary bodies. It reflects the normative principle that the citizenry is directly represented through parliamentary actors. It can also be labelled "electoral representation" as the representative subject – the individual – is based on elections for being represented. From this follows, that translated to the development of the EU's political system that supports the parliamentary principle of an equality of individuals entails a political system where direct elections lead to a politically accountable government which is controlled by the people through their representatives in parliament (for this argument see i.a. Rose 2012). This principle thus implies a gradual convergence towards a – however shaped – European statehood and a common perception of a European common good as it is mirrored by an inclusion of citizens interests on the basis of a parliamentary representative institution located on the European level of government. This underlying concept of representation and political community has thus been labelled "political solidarity" (Bellamy, Kröger 2012) in order to underline the focus on the representation of individuals converging to an aggregate European interest.[15] An interest which is deliberated in the competition of diverging party-political interests.

Contrarily, the representative principle of an equality of states is directed to the subject of the member states' interests within the EU political system. It is thus a representative principle stressing the intergovernmental nature of the European Union. This perspective reflects a principle of integration which is directed towards the particularistic interests of member states towards the European Union. It is not directed towards a European public good but towards 28 national interests that are debated on the EU level, in order to find a compromise between these positions. Contrary to the principle of the equality of individuals, which was introduced only with the Treaty of Lisbon, the principle of the political equality of states is as old as the integration project itself and reflects the intergovernmental nature of the Union as an equilibrium between national interests.[16] Academically, this has been leading to the famous debates on the "Politikverflechtung" (Scharpf 1985; Scharpf 2006) and the complex bargaining and lock-in processes due to the predominance of national positions in the policy process.

The co-existence of these two representative principles is common in federal and confederal states where both citizen- and state-interests ought to be represented in order to balance diverging interests and to reflect the diversity that is present within a political system. In this respect the representation of intergovernmental interests serves the idea to represent specific but equal territorial interests, while parliamentary representation has as a subject the collectivity of citizens of a polity, in terms of electoral representation. Parliamentary representation in the EU thus cannot be understood without taking into account the structural bases of its political system, as the EU political system representing a compromise between unitarism and federalism (Dann 2004, p. 399).

Both concepts of territorial and electoral representation, however, exist in a rather conflictive

[15] Although the 2014 European elections for the first time created a direct link between the European Parliament and the President of the European Commission, it can still not be considered as a representative government among others due to the process of selection of the Commissioners.

[16] These two representative principles have also been labelled as "territorial" and "parliamentary" representation Marschall 2005b, pp. 49–51 In addition to these two, the European Union also disposes of principles of function representation, reflecting the European Commission and to a lesser extent the European Parliaments functional representative interests in the integration process, and direct representation, as with the European Citizens Initiative citizens interests may be directly represented on the EU level.

relationship. They reflect two diverging visions of EU integration: The vision of a representative democracy, the equality of citizens, on the one hand – if consequently thought further – disposes of the underlying ideal of a European statehood, which would functionally imply a strengthening of representative parliamentary institutions. In terms of territorial representation this perspective would then regard the Union as the new whole and its member states as represented parts (Puntscher Riekmann, Wydra 2013, p. 566). The territorial-based principle of a political equality of member states, in contrast, points in the direction of a European "Staatenverbund" where nation-states themselves remain in the driver's seat. It is a more intergovernmental vision of representation inside the European Union. These "two kinds of subjectivity" (Kröger, Friedrich 2013a) on the nature and telos of representation inside the EU's "sui generis" political system, point towards a major constitutional struggle between the two representative principles. Both its structure and logic of representation reflects the inherent divide between the supranational and the intergovernmental vision and functioning of the Union. These two principles also point at the fact that the legitimation of the EU's political system does not rest on one representative channel but disposes of a "dual legitimation" of both national citizens – and their respective national parliamentary channel of representation – and EU citizens – being represented through the European Parliament. This dual legitimation follows the bizephal nature of European integration in its structures of representation and democratic legitimation (i.a. Calliess, Beichelt 2015, pp. 61–65).

Different to federal nation-states that equally dispose of electoral and territorial channels of representation, the European Union has no clear relationship or hierarchy between the two principles (Ondarza 2011). This can attributed to the dynamic state of the EU's political system, as it developed from a transnational forum to a genuine political system which also aims at reflecting classical representative institutions of national democratic political systems. Therefore, today's system of the co-existence of both territorial and electoral representation depicts not necessarily the weakness of EU representative actors over national ones, as it also portrays the move of the European Union towards a more democratic political system as member states do not dispose of the monopoly of representation any longer as it is normally the case in many other International Organizations (Lord, Pollak 2013, p. 528). At the same time, however, the differentiation of the EU's representative structure with the Treaty of Lisbon did lead to a further hybridization of the EU's representative system due to an increasing number of formally equal fora of representation that stand for diverging subjects of representation (Lord, Pollak 2013, p. 529).

In order to capture these particular facets of the EU representative system, it has been often described as a system of "compound representation" (i.a. Brzinski et al. 1999; Benz 2003; Lord, Pollak 2010), depicting the intersection of national and European representative modes and territorial and electoral representative functions within the EU. However, due to the fusion of diverging systems and forms of democracy (Benz 2003, p. 84), the European Union does not dispose of one representative relationship going from the citizens to their government but of many relationships due to the diverging objects and subjects of representation. Formal processes of authorization and responsiveness are taking place both at national and European level and intersect with each other.

> "The Lisbon Treaty not only distinguishes between an electoral, a territorial, a functional and a direct channel of representation; but also refers to two different political subjects, individuals and states, without clarifying the relationship between the different channels and subjects. It is this quest for the right balance between a supranational and an intergovernmental political order." (Kröger, Friedrich 2013b, p. 158)

The EU political system is characterized by a continuous increase and differentiation of its tasks and duties, with today's scope of policy-making being rather close to traditional nation-states. This evolving political structure developed more and more into a powerful political center. In terms of its representative institutions, the increase of political powers has been accompanied by an increase of representative actors participating in this process. From an actor-centered perspective it has already been underlined that in the EU political system representation is not only conferred to parliamentary actors but to both parliamentary and executive actors. Both institutions fulfill representative tasks to the extent that they represent either the citizens (European Parliament and national parliaments) or the member states interests (national executives and to a less direct extent national parliaments) and thus dispose of diverging logics and subjects of representation. The process of representation in the EU is thus not only characterized by competing interests between the representatives themselves that compete in party-political battles for electoral positions, but it is also by a competition between representative institutions on specific institutional positions within the representative system.

The downside of this representative mix is the above mentioned "hybridization" and fragmentation of governance, while its upside is an inclusion of a broad variety of different interests, regions and political cultures in the EU policy process. This plethora of representative actors can be described like the following:

> "Selected by different procedures (election, appointment, nomination), based on different grounds (territorial, institutional, ethnic identity; expertise; common interests) with widely different mandates and tasks leading to different representative styles (e.g. trustee, delegate, politico) and modes of responsiveness (policy, service, allocation, symbolic responsiveness) as well different forms of accountability (e.g. legal, political, economic)." (Lord, Pollak 2010, p. 131)

The "core of representative government" (Benz 2003, p. 85) in this system are the formal political representative actors: The European Parliament, the Council and national parliaments. These three institutions also represent the three formal institutional channels of electoral representation (Bellamy, Castiglione 2013; Cooper 2013b, p. 540): The European Parliament represents a direct channel of representation through its direct elections that constitute the European citizens as a subject of representation.[17] Second, national parliaments constitute direct channel of representation on the domestic level, they hold their national government to account in EU affairs and are related to their respective national citizenry as subject of representation. Although with diverging territorial spheres, both parliamentary actors represent the principle of an equality of individuals in the EU representative system. Finally, the respective national ministers or Heads of State and Government represent an indirect channel that goes via the Heads of States and Government or the respective national ministers to the (European) Council, having their respective national interests as subject of representation. Each of these channels disposes of different subjects of representation and therefore is directed to a different picture of political community and what state of integration is pursued. Therefore these channels potentially cause tension between the representation of citizens and the representation of states (Bellamy, Castiglione 2013, p. 206). The EU representative system

[17] This representation of the EU citizenry can, however, be contested as European elections are performed as 28 national elections since there is no common EU-wide electoral law. Thus it can be argued that EU elections do not constitute a uniting moment of the European demos. In the academic sphere this has been picked up by the depiction of the European Union as a "demoicracy" (van Parijs 1998; Nicolaïdis 2012; Nicolaïdis 2013) reflecting on the problem of how to organize democracy within a political space that disposes not of one demos but many demoi.

can thus be described as highly dynamic, as representative actors both represent electoral and territorial interests and dispose of diverging subjectivities. Also, institutional structures have been changing all along the integration process putting an emphasis on parliamentary inclusion and representative actors in the past decade (Bellamy, Kröger 2013, p. 9). However, this dynamism also gives rise to some problems in terms of the EU's representative structures: Member states and parliamentary institutions are characterized by a diverging institutional embeddedness in terms of representation in the EU political system. However, these channels of representation are not equally distributed between the representative institutions inside the European Union: While the parliamentary representative actors represent the equality of individuals inside the political system on their respective governmental levels, a dominant position is certainly still exerted by national executives in the (European) Council, as they are still the most beneficiaries from the increased need of information and coordination in the EU representative system since they are ex officio active on both governmental levels and during all phases of the policy process (Beichelt, Selle 2016). The reason for this disadvantage of parliamentary representative actors compared to executive ones does not only lie in the structure of the European Union political system. It also lies more generally in the fact that governing across levels is difficult to reconcile with the logic of representing a clear-cut group of citizens from a specific constituency in a particular organizational body (Patzelt 2013b, p. 36). Furthermore, the logic of functioning of a hierarchically organized executive body is more effective in multi-level politics than parliamentary actors that are subdivided into smaller party groups and that follow individual principles of representation (Eppler 2013a). Hence, the question of representativeness itself is putting natural constraints on linking the principle of multi-level governance with the principle of representativeness and hence with the question of parliamentary representation and legitimacy in the EU multi-level system.

In conclusion, the EU political system is formally characterized as a "representative democracy" (Art. 10 TEU) – what has also been described as the "meta-standard" (Lord, Pollak 2010, p. 125) of the Union's political system. Accordingly, as in any other modern democratic political system, representative actors are to play a major role in the European Union as they link public interests to the political sphere. However, the EU's representative system disposes of a multitude of representative actors that dispose of diverging representative functions, interests and subjectivities. Different to national political systems parliamentary institutions in the European Union have to share their legitimizing function with member state governments who legitimize the EU governance system through a representative channel focused on the equality of states. In this respect, parliamentary actors representing the electoral principle of an equality of the individuals only function as additional means of legitimization while the member state's representative principle remains more strongly embedded in the EU's constitutional.

From the perspective of formalistic representation, electoral and territorial representative actors and institutions coexist in the EU governmental system without disposing of a clear hierarchy. While it has to be noted that with the Treaty of Lisbon the electoral representative channel was strengthened through a formal inclusion of national parliamentary actors and a further institutional strengthening of the European Parliament, the territorial principle of representation still remains prevalent through the member states position in the Council and European Council as being the "Masters of the Treaties". Therefore, representation in the EU political system has gradually shifted from a purely territorially confined construct to an increasing embeddedness of institutions of electoral representation. Also the overall legitimizing value of this duality of representation still is

under debate. While on the one hand being able to include a wide variety of representative actors, the structure of the EU representative system may also dilute traditional representative politics through a diversification of representative actors and decision-making arenas – a phenomenon that does not only hold for the EU representative system but the internationalization of governance in general (Warren, Castiglione 2004).

3. THE PARLIAMENTARY BUDGET AUTHORITY

Given the fact that the budgetary process is not only one of the oldest parliamentary functions[18] but also an overarching symbol of the power of parliamentary actors, it is an important field of parliamentary representative politics. This is also due to the fact that the budget – as political dossier – is not only a sheet (or better a book) filled with columns of revenue and expenditure, but that it also represents a compendium of political choices made by representative actors (Waldhoff 2015, pp. 112–113). Therefore apart from being a collection of revenue and expenditures – as George W. Bush supposedly once said: "its got a lot of numbers in it" (cited after Wehner 2010, p. 2) – the budget is the expression of political desires and judgments of political priorities among scarce resources within a given political system (Wildavsky 1988, p. 4). In this respect, the process of budgeting is as much an economic as a political exercise: It is of major academic importance of the study of political processes, as it is also always a "study of politics" (Wildavsky 1961, p. 190).

> "Government budgets give expression to fundamental trade-offs determined by political actors with competing claims on scarce public resources in a process that is guided by a given set of rules and procedures." (Wehner, Renzio 2013, p. 84)

Therefore, the competition between representative actors with regard to political posts in order to feed their respective cleavages and interests into the political system is particularly pronounced in budgetary politics where the overarching aims and goals of a polity are determined. Today, the budgetary dossier takes the shape of a law, which consequently grants parliamentary actors the final decision and power of amendment over its text.

The first legal definition, dates back to a French decree in 1862 which states that "the budget is a document which forecasts and authorizes the annual receipts and expenditures of the State" (cited after: Schick 2002, p. 20). In this definition, two basic characteristics of budgets are called upon: an authoritative decision that binds the governmental expenditure and a 'forecast' on future developments. Accordingly, the budget as political dossier carries multiple meanings as it is both a prediction and a contract (Wildavsky 1988, pp. 1–2). It is a prediction as the budget represents "a series of goals to which price tags are attached" (ibid.: 2). In linking a society's political preferences with financial resources in order to accomplish specific policy objectives. The budget as a document thus translates "financial resources into human purposes" (ibid.) through the representative process. At the same time, the definition of the budget as a contract, secondly, refers to a set of mutual obligations between the contracting parties, as parliament and government mutually promise to supply funds under specific conditions. From this perspective, the budget can be referred to a "set of social and legal relationships in which commitments are made by all parties and where sanctions are invoked" (ibid.: 3). Budgeting thus refers to partly conflicting practices: On the one hand it sets future priorities with yet unknown resources, and it sets up a fixed contract in order to spend these predicted but yet unknown revenues.

Processes of budgeting as we know them today are contingent on historical path dependencies, the broader constitutional structure and the legal system of the respective country (Lienert 2013a, p. 117). A perspective which also reflects the introductory claim that analyzing the budgetary process of the European Union and the inclusion of parliamentary actors therein, may tell a great deal about the overall constitution of a given polity. Also the institutional design of the political system does have a robust effect on the nature of budgeting, such as the nature of government (hierarchical or

[18] Together with defense politics.

collegial); the number of veto players; or the organization of the political system (federal vs. unitary) (see i.a. Wehner, Renzio 2013, p. 90; Lienert 2013b, pp. 68–69[19]; Alesina, Perotti 1996). Therefore both the formal institutional design and historical development play a crucial role in the analysis of budgetary processes.

3.1 The Development of Parliamentary Budgeting

Taking a brief historical perspective to the parliamentary budgetary oversight is important in order to trace the institutional paths of the development of budgetary decision-making. This has important repercussions not only on legal and constitutional rights of todays' parliamentary assemblies but also on the perceptions and practices of parliamentary actors within the political system. Furthermore, and with respect to the European Union, a historical perspective enables a broader perspective on budgetary politics. The EU budgetary system can be considered a rather recent one which is still subject to regular change in terms of institutional processes and parliamentary checks and balances. Form a perspective of parliamentary representation, budgetary policy-making is generally regarded as one of the main sources of parliamentary power. It has been one of the first independent parliamentary powers in the history of constitutional nation-states and relates to the influence of parliaments on the direction and actions of government. The parliamentary budget authority is therefore closely related to what Max Weber called the "rationalization" of modern statehood (Weber 2010) where distinct means of division of power were introduced in order to govern modern complex polities.

The general development of parliamentary bodies is closely related to the overall introduction of a taxation or royalties system, as the differentiation of power and additional tasks put upon the Crown lead to the need to establish a distinct actor between the governed and the governing in order to define the relationship between "the citizens" and "the government" (Patzelt 1995, p. 367).[20] In this respect, budget law is older than parliamentary representative democracy itself (Müller-Osten 2007, p. 179) and is closely connected to the overall rise of parliamentary representation. With the rise of taxation, citizens (mostly the nobility at that time) demanded the right to have a say over the use of the funds (policies) they materially contributed to by paying taxes (Copeland, Patterson 1998, p. xx). Therefore, the representation of financial interests of those directly affected by taxation is the very first form of public representation in modern statehood that – through the imposition of a system of taxation – enabled the Crown to defend the nation. The demand of representative assemblies to control governmental spending furthermore triggered the evolution of more parliamentary functions: the parliamentary control of government first lead to the need to communicate parliament's actions back to the citizens in order to legitimize the government, and also led to the creation of intermediary institutions (parties, associations, and unions) in order to cope with the further differentiation of political systems and societies (Patzelt 1995, p. 367). In this respect "the evolution of parliaments is properly understood as the result of

[19] In this context, Lienert (2013b, pp. 68–69 provides for an extensive enumeration of institutional influences on budgeting. He notably differentiates between: federal vs. unitary political system; presidential vs. parliamentary system; number of political parties; bicameral vs. unicameral system; and the institutionalization of the parliamentary supremacy.

[20] Although government in this respect is a rather ill-placed term as in the 17th century we should rather speak of the Court or the Crown which back then largely represented "the government".

persistent struggles over power, influence and obligation" (Marongiu 1973, p. 109) which evolved around the question of who is legitimate to decide on the appropriation and expenditure of public funds.

The two earliest countries to impose a parliamentary, or representative, control of the purse were the England and France, later followed by the United States. In the United Kingdom, the principle of a parliamentary consent to taxation was de facto constitutionally recognized through the Magna Carta (1215). The budget was a tool to impose taxes or to curtail the nobility in the need of a standing army (Wehner 2010, p. 3). No levies could be decided by the Crown without the consent of the barons, which gave rise to five decades of conflict between the crown and the "representatives" of the people (Schick 2002, p. 18).[21] In 1698, the Bill of Rights stated that any levying of funds by the Crown other than through a parliamentary decision was illegal. At the same time royal and republic funds were separated which made the preparation of a national budget possible. In this respect, representatives in the United Kingdom, long before formal budgets were approved, disposed of the right to give out appropriations to the Crown.[22] This had two implications: First, legislatures had fiscal powers before the government actually made budgets; and second, budgetary practices emerged because the legislative action was deemed to be an inadequate means of fiscal control (Schick 2002, pp. 16–18). Diverging paths were taken in France, where – following the idea of enlightenment – it was thought that government could be made rational by a detailed expenditure control. Consequently, budgetary politics of the parliament were centered on controlling the usage of funds by the government. Consequently, in 1807, a Cour de Comptes was installed. Since 1819, the Assemblée Nationale voted on annual budgets, with its accounting office being personally responsible until the vote of discharge by the assembly (Wehner 2010, p. 5). Detailed line items and expenditures of each ministry became the norm from the 1830s onwards. (ibid. 6). From this perspective, France can be regarded as a forerunner of parliamentary budgeting where the parliament sets up and is able to amend a comprehensive and detailed budget which encompasses all revenues and expenditures, disposing of a fiscal year and an annual appropriation. This was legitimized in the idea of enlightenment and the French Revolution that the Assemblée Nationale should be the only place "to examine and audit the accounts of the Nation" (Decree from 1791, cited in: Schick 2002, p. 19). The United States, finally, are a prime example of parliamentary budgetary politics, where the question of which representative institution is eligible to decide of taxation and spending of revenue, ultimately triggered the War of Independence in the 18th century. In the following, the legislature introduced an extremely detailed level of control of the legislature over the government, which purportedly even led to the counting of candles in governmental offices (Wildavsky 1988). Rooted in the historical tradition of the struggles on "no taxation without representation" and an institutional division between legislative and executive institutions, the US Congress remains one of the most influential budgetary policy-maker until today (Oppenheimer 1985, p. 656; Lienert 2013a, p. 117).

Parliamentary control of the budget and therefore the broader power of parliamentary assemblies to representation inside the political system is clearly rooted in their ability to authorize taxes. This right to decide over taxation and grant the executive or the Crown with funds necessary is thus the

[21] The term representatives should not be understood in todays' modern understanding, as of course the Barons back then were not formally elected but automatically represented the citizens that lived within their territory.
[22] Until 1911 budgetary supremacy in the UK was appropriated to the Chamber of Lords and only afterwards given to the generally elected representatives in the Lower Chamber.

focal point of parliamentary power from a historical perspective. It is the lack of genuine financial resources of governments which enabled parliaments, as being representatives of the people to demand the right to taxation as being a central resource of parliamentary power (Patzelt 2013a, p. 45). It was hence established that budgetary power could only be legitimate if decided by those that directly represent the people. Therefore, representative assemblies used the budgetary decision to control the government in order to limit executive powers. The historical institutionalization of the parliamentary budget authority also reflected processes of state formation, the separation of political powers and thus is the starting point for modern nation-states. The budgetary role of parliaments in the early ages was thus to contain governmental power and thus also to contain governmental spending. A perception that changed considerable in the 20th century with the development of modern welfare states and the rise of party-democracies in the European countries. This change was mostly due to three factors: the institutionalization of the "party-state"; the rise of the welfare-state; and the far-reaching expansion of governmental action. All of which are, however, interrelated.

From the beginning of the 20th century and the institutionalization and expansion of parliamentary powers, governmental action increasingly depended on the support of party structures inside the parliament. Consequently, the linkage between the parliamentary majority and the government intensified. As the vote on the budget can be regarded as the essence of political priorities from the government, its decision in parliament became a matter of confidence between government and the parliamentary majority supporting the government. The rise of disciplined intermediary institutions, political parties, therefore further reduced the room for maneuver of parliamentary control towards the government. At the same time it gave rise to budgetary deals between parliament and government due to the entanglement between legislative and executive branch. In this respect, "party control has tended to mean that the legislative function of assemblies i.e. the successful initiation of proposals, has been subordinated [to party politics]" (Arter, David 1994, cited in (Schick 2002, p. 23).

The institutional rise of party politics in the late 19th and early 20th century has been accompanied on the policies-level by a steep rise of redistributive measures and an escalation of public spending through the institutionalization of the modern welfare state. National spending shifted away from spending on internal security and defense towards entitlements and social policies in order to support the incomes of different parts of the citizenry. This rise of the welfare state stands in close connection with the rise of party politics: First, the incentives to expand governmental spending are closely linked with party politics. In order to secure (re-)election, politicians are tempted to introduce funds designed for their specific constituency leading to an overall expansion of public services. Second, on an institutional basis, welfare politics are only possible if parliament and government cooperate in budgetary matters. Therefore the expansion of governmental spending is only possible if funding security is ensured which is only the case if government and parliamentary majority depend on each other. Finally, the expansion of welfare politics and the "rationalization" of government also led not only to a rise of governmental spending but also to an increase of complexity and a differentiation of governmental tasks. Again this led to the need for more funding for the manifold governmental offices and agencies and also led to a further complexity of budgetary structures. This largely created todays' budgetary structure consisting of lump sum payments to agencies where it is only to a limited degree possible to control specific measures of expenditure as parliament has done in the early days of budgetary control (Wehner

2010, p. 8). Through these interlinked processes, the budget was turned into a political statement and means of guiding and stabilizing the economy, consequently largely transcending individual items of expenditure (Schick 2002, p. 25).

For parliamentary representation in budgetary matters, a consequence was that legislatures largely entrusted their budgetary authority to the government. The larger the budget lines were, not only the harder they were to control but it also became impossible for a parliament to draft a budget as only the ministerial bureaucracy disposed of the information and staffing necessary to steer such a complex process. Thus the organizational capacity of finance ministries not only took the agenda-control on setting-up a budget draft, it also furthered the information asymmetry between parliament and government, impeding on parliaments already limited control function through the linkage between parliament and government. Consequently, the financial control of parliaments was subordinated to larger budget purposes: "In a legal sense, little had changed, politically hardly anything was the same" (Schick 2002, p. 22).

There thus have been major changes on how parliaments practice their budgetary function. This change has been neatly put in a nutshell by Schick (2002, pp. 31–32):

> "The traditional role of the legislature as a restraint on the exercise of government power (…) survives in most countries, though not as robustly as before. In a legal sense, the doctrine of control has not been impaired. Stripped to its essentials, it means that government may not spend more than authorized in law or for other than authorized purposes. De facto however, control does not mean the same today as it once did."

Budgetary policy-making is a child of the 19th century (Gröpl 2001, p. 582). During this phase, the budget was a tool to constrain governmental powers. It has been set out in the context of the young era of constitutionalism when the state only provided minimal functions to its citizens. The budget thus served the need to secure the most basal state-functions such as maintaining the public order and being able to defend the territory. The duality between representative actors and the (monarchic) executive shaped the design of the budgetary system which was largely a fight over which institution had the final say over the budget. Representative assemblies in this context served as powerful watchdogs in order to constrain the government. The more government was constrained and the less tasks performed on a national level, the better. From this era dates the parliamentary interest to dispose of an extensively detailed budget in order to properly control the government (Gröpl 2001, p. 584). Parliamentary consent at that time was a powerful tool to exert pressure on government and "legislatures leveraged their power of the purse to gain independence as governing institutions." (Schick 2002, p. 28).

These two major waves of budgetary development were also reflected in German budgetary politics. With the 20th century came the expansion of welfare politics which were to a large extent organized and funded through federal budgets, a process emanating primarily from the German Reich. This was mostly due to the end of the duality between legislative and executive branch of government. From this perspective, the budget no longer served as a tool to constrain governmental action but to redistribute wealth across the country. However budgetary structures as we know them today are still largely the same as they were designed in times when the public expenditure quota was around 10 per cent and framed by a hierarchically dominated administration.

The budgetary role of parliaments changed considerably with the rise of formal budgeting and in the context of the overall budgetary expansion. As the executive stepped up for "doing the budget", the role of parliamentary assemblies diminished accordingly. The rise of executive budgeting due to the above mentioned processes and complexities of the modern welfare state has to be

considered as a major change of parliamentary budgetary politics. Today, the part of the budget which is not determined by existing laws has shriveled and a multitude of diverging ministries and agencies compete for governmental funds. This overall change of the position of parliamentary actors in budget politics has been sharply described by Patzelt:

> "Aus Institutionen zur Sicherung gouvernementaler Sparsamkeit wurden sie zu Überbringern fremdbefüllter Füllhörner" (2013a, p. 46)

3.2 The Parliamentary Budget Authority

Despite the overall decrease of a direct parliamentary influence on budgetary policies, the budgetary function of parliaments can be regarded nevertheless as a key function of their legitimacy. Parliaments' involvement in budgetary matters and their final assent on spending policies creates a direct linkage between the citizens and the political system. Parliamentary representation in budgetary matters thus serves as an anchor point for legitimizing the levying of taxes and representing overarching interests of the citizenry in financial decisions. The parliamentary budget authority is a very specific aspect of the process of parliamentary representation, given the specific nature of budgetary politics that set the overall priorities of a polity. Therefore the underlying question of this part is how and to what extent parliaments are able to make a difference in budgeting in order to represent specific interests in the budgetary process.[23]

Today, budget policies are symbolically "owned" by the legislature. Not only they exert a control and policy influence towards the executive and the governmental administration but they also offer accountability towards the administrative elites (Lienert 2013a, pp. 116–117). The legitimizing function of the parliamentary budget authority is reflected in the constitutional rank of the budget. As budgetary decisions exert considerable power in terms of their financial and sovereign effects, the budgetary decision-making process formally needs to be directly traced back to the citizenry as being the sovereign body of any democratic system. Consequently, parliamentary budget functions in most cases disposes of a constitutional rank. Budgetary decisions as thus being institutionally legitimized through parliamentary actors that again are directly elected by the citizens.

Formally, there are three major areas where the parliament is involved in the budget process: the review, debate and conclusion of the government's draft annual budget; the approval of eventual supplementary budgets; and the review of the execution of the budget through the government and its agencies (Lienert 2013a, p. 121). Within these processes parliaments face diverging tasks: The most important ones are notably the authorization of spending and the authorization of new borrowing. Furthermore, parliaments are also tasked with the supervision of fiscal management, which is related to an ex post budgetary control. They may assess macroeconomic frameworks and the revenue projection which form the basis of the budget's calculation. Finally, parliaments may be involved in debt management strategies and the management and attribution of extra-budgetary funds (Lienert 2013a, pp. 123–125).

In terms of the formal parliamentary influence on budgetary decision-making, the main indicator of the parliamentary budgetary role is its ability to amend the governmental draft budget. These powers, however, might be shaped differently. They can range from the flexibility to swap between

[23] This follows the argumentation by Marschall 2005a, pp. 60–70 that next to their formal legal rights and duties, parliaments should primarily be able to "make a difference".

line items, only changes within line items, or most budget line items to only modifications in some categories of appropriations (Lienert 2013a, p. 125). While the Nordic Countries, Germany and Switzerland dispose of full amendment powers, other countries are more limited. However, according to Lienert (ibid.) more than half of the OECD countries have unlimited legal powers to amend a governmental budget. But even if a parliament has full budgetary amendment powers, there might be further indirect constraints on this parliamentary right. These include for example maximum deficit criteria and maximum amounts of governmental borrowing (such as the Maastricht criteria for Eurozone countries) which de facto limit their power of amendment. Also process variables have an impact on the parliamentary influence, for example the sequencing of the voting process (e.g. separate votes for expenditure ceilings and individual budget lines) and the influence of the committee structure on budget decisions (e.g. the relation between the budget committee and other specialized committees). A further constraint on parliamentary action in budgetary matters is the close **linkage between parliament and government** in modern political systems. Due to the close relation between the government and the parliamentary majority, parliament's de jure ability to amend the governmental budget might mean in practice that there are less de facto powers to actually shape the budget. On the other hand, however, parliamentary actors, through their respective party channels, equally dispose of an informal influence on the government in order for the government to make sure that the budget principally reflects the parliamentary majorities' position. This interlinked, but possibly conflictual relationship has been neatly described by Heller (1997, p. 491):

> "Clearly, given the government's proposal power, the government wants will affect the policy outcomes. So, what does the government? It wants to maximize the legislature's utility, because it serves at the legislature's pleasure. The defining characteristic of parliamentary systems is that 'executive authority emerges from, and is responsible to, legislative authority' (Epstein 1968, 419). Hence, a cabinet that fails to adequately consider the preferences of its parliamentary majority can suffer varying degrees of punishment, from censure to replacement of party leaders to increased amendment activity with respect to government bills."

Government and legislature in modern representative systems are interdependent and interlinked institutions. The budget as a material reflection of political priorities will thus always reflect not only the programmatic orientations of the government but at the same time also those of the parliamentary majority that supports the government. As the parliament needs to approve the budget, government needs to ensure that the collective preferences of the parliamentary majority is reflected in the budget. In bicameral systems it has been noted that government needs to please two diverging sets of actors and preferences (Heller 1997, p. 499). Consequently, as the number of veto players increases, spending increases as well in order to please diverging demands, also budgets become more inflexible due to diverging interest structures (Tsebelis, Chang 2004).

Consequently, today's governmental control by parliament is by far not as robust as in the early days of parliamentary control of the budget. However, formally, the government is still not allowed to spend more than what is appropriated by parliament, giving them an ultimately strong legal weapon.[24] Consequently, the budgetary power of parliaments is strongest where the separation between legislative and executive powers are strongest (Lienert 2013a, p. 117). While the Scandinavian states, Germany and Switzerland are able to amend the budgets as they want, the de facto parliamentary effect on the budget remains rather limited as amendments that are directly

[24] Although it is de facto often diluted through additional budgets.

done through parliament are most often effectuated on small scales.[25] But the effect parliaments may have on budgetary decisions depends on various factors such as the role and the number of political parties whose interests have to be satisfied through budgetary decisions, the cohesion within political parties, the overall composition of the legislature and its consensus orientation which impacts on the position budgetary decisions dispose of in the plenary (Lienert 2013a, pp. 116-117).

The budgetary policy cycle. The concept of the policy cycle will be referred upon to give a brief overview on the process and actors of budgetary politics and will thus also be later used and adopted with respect to the EU budgetary cycle.[26] Formally, the policy process consists of five stages: agenda-setting; formulation; adoption; implementation; and evaluation. They were soon after referred to as a "policy cycle" (Brewer 1974) in order to reflect the fact that policies do not simply "happen" in a vacuum but do refer to a context they come from. The policy cycle concept hence emerged as a suitable tool to reflect, analyze and compare policy processes and makes it possible to take a systematic look at political actions (Beichelt 2015, p. 45 ff.). The division into several phases of politics that take place around policies is useful as the phases dispose of diverging actor constellations and frames of mind. The concept captures the division and sharing of competencies between all political actors participating in the political process. It thus puts actors in the heart of the decision- and policy-making process (Windhoff-Héritier 1987, p. 64). In recurring to the policy cycle model, an emphasis will be put on both a process orientation (at what time are parliaments included) and a content orientation (what tasks do they perform).

As budgeting formally takes the form of a law, it is in many parts similar to the classical policy cycle. One major difference is that budgeting takes places on a permanent basis. Different to other policies, budgetary decision-making most often spans the whole parliamentary year from the assessment of the first governmental budget draft to the budget negotiations and parliamentary assent to ex post control budgetary control. Therefore, the agenda-setting phase is rather limited, as budgetary issues are constantly on the agenda. Also, most national budgets are already bound by laws that define specific spending appropriations and that have to be included in budgetary decisions. The agenda-setting phase thus includes the assessment of legal programs and the demand of executive agencies to budgetary appropriations. At this phase, the finance minister is a key person that bundles demands and exigencies. Parliamentary actors have an indirect influence on this process either formally through the recommendations of budgetary control, or the introduction of new, budgetary relevant legislation, or informally via party-political influence on the government. The formulation of the draft budget is thus in the sphere of the government as only the executive disposes of the means necessary for the complex assembling and calculation of the budget.

Parliament formally comes into play when the draft budget is transferred to parliament. At this point, budgetary negotiations start and the budget committee coordinates the work on the budget. However, also specialized committees matter too, as they are often also involved in their specific policy areas, while the budget committee oversees the work and guards the overall budgetary limits

[25] Although these also might amount to significant numbers in total due to cumulative effects Wehner 2013, p. 564.

[26] The most classic denomination of the policy cycle was proposed by Anderson 1975 and has been used by many policy analysts ever since (inter alia Mayntz 1977; Kelly, Palumbo 1992; Howlett et al. 2009).

(Lienert 2013a, pp. 127–128). Depending on the arrangement of the committee interaction, the budget committee most often has a central steering function inside the parliament.

The adoption of the budget then may take place in a two-stage process, where first overall revenue and expenditure ceilings and then the precise item lines are decided. However, the principle of budgetary unity calls for the approval of revenue and expenditure at the same time (ibid. 123-25). Therefore, both processes should not be kept too far apart from each other. The demands of fiscal consolidation have also led to an increasing use of multi-annual budgetary programs that approve medium-term expenditure ceilings and thus bind both government and parliament in their annual decision-making.[27] Finally, the implementation of the annual budget is again in the hands of the government, its ministries and agencies. Parliamentary actors come back into the game then in terms of the evaluation of the usage of funds by the government which is part of the control function of parliament. This ex post oversight is stronger in those Westminster-style political systems where parliamentary actors do only have limited powers to influence the making of a budget. Consequently their powers to control the government afterwards are stronger.[28] Within this policy process, there are multiple limitations on the parliamentary ability to amend the budget in their favor (see above). Taking a look at the budgetary policy process makes clear that parliamentary inclusion is less centered on policy-making by the parliament, as parliamentary actors are very much dependent on the preliminary work done by the government. Their policy-making functions are most often limited to the greater good of fiscal stability leaving parliaments more with a budgetary role that is centered on policy-related functions such as political performance, small scale amendments and the publicity and accountability it demands from government.

Summarizing the budgetary policy process in a nutshell is that governments have the first say and power of agenda setting, while parliaments have the last word in terms of budgetary authorization and communication. In terms of parliamentary influence on budgeting, often the mere threat of a parliamentary veto voiced informally and during the budgetary negotiations is enough to gain concessions from the government – with which the majority party/ies are closely connected anyhow. In this respect, budgeting is an inherently confining process, it brings discipline to parliaments, so as it does to governments.

The institutional structuration and exercise of today's budgetary processes largely followed a path dependent logic from parliamentary representatives. This path dependency is rooted in the history of budgeting which took off as a major control function of the government and was used by parliamentarians to expand their powers from budgetary control to policy influence. Today, in times of the close interdependence of parliament and government in the modern welfare state, the parliamentary role is different as it is able to use policy-making and control functions as means of influencing the budget. Furthermore, parliamentarians have – together with the government – a genuine interest in redistribution, thus the reallocation of funds, which also stands against a strict control position. Accordingly, a steady rise of governmental expenditure can be witnessed since

[27] According to Brumby and Hemming (2013, p. 219) 132 countries had some form of medium-term expenditure frameworks by the year of 2008.

[28] Though it has to be noted that many countries dispose of independent courts of audit which take these functions.

the 20th century, from a public expenditure quota of merely 10% to a funneling of around 50% of the national GDP through the state in the outgoing 20th century (Gröpl 2001, pp. 585–588).[29]

Therefore, different to a clear-cut political control, the *parliamentary budget authority* is today mainly centered on creating legitimacy of the political system through controlling the government in the budget process and formally and informally proposing (minor) amendments. Through its communicative function, parliaments create legitimacy, as the budget is the incarnation of the governmental priorities. The parliamentary role next to its legitimizing function is mostly confined to the budget approval and the control of government, as most other steps in the formation of the budget are in the hands of the executive (agenda-setting, budget proposal, implementation, execution). Although majority parties might influence the final shape of the budget, due to the sheer complexity, the design of the budget is mostly a governmental agenda where parliaments might contribute micro changes. Nevertheless, the budget needs to be by and large in line with the collective preferences of parliament, therefore the governmental budget has to strike a fine line between executive dominance and embedding the overarching parliamentary interests in the budgetary priorities – given the fact that the government and the parliamentary majority are closely related anyways this linkage function is done informally.

Different than in early days of the budget process, today's budget is less able to serve as an "overarching instrument of power" (Müller-Osten 2007, p. 178) for parliamentary actors. Nevertheless, the parliamentary budget authority is an important symbolic value for parliamentary institutions: Parliamentary actors perceive the budget as their main claim in order to control the government and to represent their constituencies inside the political system. This is mirrored accordingly in the institutional and working structure which highlight the budget as prime parliamentary task and results in a strong position of the budget committee and its members inside parliament. Budget committees most often count among the most prestigious ones inside the chamber (2008 see also: OECD 2014, p. 55). This gives the committee a strong position inside the parliament, in terms of seniority, informal networks and prestige. This is also underlined by the fact that budget committees often work differently than their specialized counterparts, as their work is less party-politically oriented than other committees. As von Beyme (1998, p. 190) observed for the German case, a specific "corps spirit" prevails inside the budget committee, which often leads to different attitudes for example towards fiscal discipline than prevailing in the rest of the chamber, where the budget committee in terms of budgetary principles often is closer to the Ministry of Finance than to their own respective parties (Zettinig 2008, p. 155). Therefore, the parliamentary identity in budgetary matters is closely centered on their perceived control function and thus strongly emphasizing their budgetary function towards the citizens in order to legitimize their budgetary function.

In terms of the external representation, parliaments' communicative practices largely mirror this self-perception. Plenary debates on the annual budget count among the highlights of the parliamentary year, as they give the opportunity to debate on the whole of the governmental program which is condensed within one particular piece of legislation. Budget discussions thus enable an overarching view on the political priorities of government due to the fact that all major political programs are funded through the budget. Accordingly, budgetary debates are not only

[29] In the United Kingdom, where the expenditure in general is rather low compared to other European countries, governmental expenditure rose more than 200 per cent between 1870 and 1970 Else 1976, p. 43

concerned with specific budgetary relevant issues (which line items should be increased, which should be decreased) but also often represent a general debate on the broader government's policies and actions. The communication of the budget is therefore given a high public visibility and media attention.

Nevertheless, the symbolic importance of the parliamentary budget authority is overstating parliament's de facto position in modern political systems, as it has – despite its veto position – rather little de facto budgetary influence due to the manifold restrictions on parliamentary amendment powers and the close connection between the executive and the parliamentary majority. So with regard to the contemporary budget authority, parliament has lost most of its original weight, which is why the political steering of the budget is de facto part of the governmental tasks as parliament is no longer the master over budget determination and control (Gröpl 2001, pp. 283–285).

The parliamentary budget authority is thus characterized by a *gap between the formal-legal position and the symbolic value attached* to budgetary politics within parliament and towards the public. The budget is understood as a major tool for legitimizing the parliament's and government's actions which is why it is accorded a prime importance notwithstanding the fact that the overall influence of parliament does not match its symbolic construction. This legitimizing function is thus mirrored in communicative representative functions both to justify and explain budgetary policies. This legitimizing function shall therefore demonstrate a public control over the actions of government, which is particularly relevant in budgetary matters due to their encompassing scope. Finally, the budget can be regarded as an emblematic policy issue representing the overall governmental actions which is why it is given prime importance in terms of the public communication and the use of the budget to debate the broader governmental goals and achievements. Despite the rhetoric of the budget authority being a "crown jewel" of parliamentary functions, the budgetary function does not reflect an overarching parliamentary influence, as the budget as a policy is far too complex parliamentary actors are not able to properly control the government.

However, even if parliamentary actors view themselves as the prime budgetary institution, this does not necessarily mean that they are the best suited institution to take budgetary decisions. In terms of their organizational set-up parliaments differ considerably from governmental actors, which also has an effect on their role in budgeting and their capacity and suitability of playing a major role in the budgetary policy-cycle. Different to governmental institutions, parliaments are characterized[30] by the formal equality of their members and a lack of hierarchical structure. Furthermore, the parliamentary individuality demands that members of parliament dispose of a free mandate and are accountable only to those who elected them.[31]

This individuality and equality of parliamentary representatives makes them on the one hand particularly suited to have a strong role in budgetary processes, as they represent a direct link to citizens and may therefore directly transfer the preferences of their voters to political programs and ultimately then to specific fiscal programs. However, at the same time and due to the specific position of parliamentary actors, they face competing interests in terms of budgetary policy-

[30] Derived from i.a. Polsby 1975, p. 260; Loewenberg, Patterson 1979, p. 3; Copeland, Patterson 1994, p. 153; Patterson, Copeland 1994; Copeland, Patterson 1998; Beyme 2010, p. 270.

[31] This is of course however, de facto not fully the case as party discipline reigns in most parliaments where only a handful of controversial ethical debates are cleared to the free decision of the parliamentarian

making. These competing interests face both diverging institutional and personal interests. On the one hand as representatives of an institution, the MPs interest should be – in the traditional sense of the parliamentary budgetary position – to discipline public finances by constraining excessive spending. One the other hand as individuals, parliamentarians aim at enlarging their personal and institutional position in revenue and spending policy and therefore have the interest in spending more than might be healthy in terms of sound public finances (Seils 2005, p. 774). The latter tendency of an increase of spending through the participation of parliamentary assemblies has been well researched. Robust empirical support has been found for the hypothesis that legal limits on the amendment power of parliaments and other budgetary rules strengthen fiscal discipline and result in relatively small deficits and public debt (Hagen 1998). In this respect, it is also these institutions needed that define competencies and restrain parliamentary budgeting in terms of a governmental guideline competence (Seils 2005, pp. 780–782). Also it has been found that in the context of election cycles, more funds have been spent in election years (Wehner 2013).

This behavior can be attributed to the common pool resource problem[32] which explains why budgeting in the public domain disposes of the inherent risk of overspending resources. As costs are distributed among all taxpayers, benefits go to particular groups (Molander 2001, p. 28). Here especially parliamentarians face the risk of using public funds to advantaging their constituency in order to secure their genuine self-interest of re-election. Next to the tendency to spend more towards their own constituency, parliamentary actors furthermore dispose of a rather short-term perspective on public spending due to their embeddedness in election cycles (Lienert 2013a, pp. 116–117).[33] From the perspective of parliamentary representation, the genuine interest-structure of parliamentary actors may not be the most suited one to make responsible financial decisions as their self-interest is tempting to fund additional spending towards the constituency:

As a result, many parliaments have introduced institutional constraints – and therefore put breaks on their budgetary powers – in order to counter this problem of a potentially long-term irresponsibly spending policy from their side: For example, the achievement of fiscal discipline has been an ever increasing issue in budgetary politics and has also prompted specific reforms on the parliamentary process of budgeting. In order to achieve fiscal discipline, a top-down two-stage budgetary process has been introduced in many countries (such as Sweden and the Czech Republic) where first budget totals are decided before the specific line items are brought to the parliamentary floor.[34] The improvement of allocations should enable parliaments to shift money from programs with a lower priority towards high-priority programs (Schick 2002, p. 33). Another example in this respect is the German Bundestag that follows a totaling approach where any saddling up on the governmental budget from the side of parliament needs to be accompanied by corresponding savings in other line items. On the one hand, this further impedes on the parliamentary ability to shape and control the budget, on the other hand, it puts barriers on the potentially damaging self-interest of parliamentary actors. The parliamentary position in budgetary processes is thus far from

[32] The common pool resource problem, where the advantages of a resource's use is privatized while the costs are distributed along a large class of actors, has been developed most significantly by Elinor Ostrom 1990.

[33] This has been empirically demonstrated by Wehner 2013, p. 563 who has found that the spending habits of parliamentarians depend on the proximity of elections, with a more expansive spending behavior in the run-up to popular elections. Although Wehner's research was only focused on Sweden, his results might nevertheless be generalizable to other parliaments that dispose of an equally broad amendment power in budgetary matters.

[34] In contrast a "bottom-up" approach accumulates the individual demands of the ministries and spending agencies to a coherent budgetary plan. Different to a "top-down" approach it is more prone to overspending.

being easily grasped as both control and policy-making functions interact and the de facto influence might be substantially different than what is commonly perceived as the parliamentary budget authority.

Therefore, different to the historical budget authority, that was mostly centered on a clear cut control of the executive, the **modern parliamentary budget authority** rests on three pillars: *First*, the legitimation the budgetary process through publicity and public debates; *second*, the control of government through information and the work inside the parliamentary committees, which takes place either ex ante or ex post, depending on the nature of the political system; and *third*, the debate on political priorities for public action, since parliament uses budgetary debate to frame the bigger picture of political priorities which are enabled through budgetary politics. Thus, parliaments control the executive and seek to influence while at the same time budgetary deliberations legitimize the broader policy process through parliament's communicative functions in order to build a linkage with the citizenry.

The parliamentary budget authority is an overarching instrument for creating legitimacy inside a political system. Although procedurally, parliaments formally control the government in budgetary decisions while only proposing minor amendments. Today's parliamentary budget authority is thus not a formal, "overarching instrument of power" but an important symbolical parliamentary function to perform control of governmental programs which is highly visible to the public and therefore creates legitimacy to a political process where the broad lines of political priorities are drawn. Altogether, parliament should not be considered as a budget-making institution. Rather it has the potential to give legitimacy to budgetary decisions of the government through its representative functions.

The budget as being a compendium of governmental actions deserves a special position inside every political system ad with regard to party politics as it is of major symbolic importance. In this respect – despite today's limitations in terms of the parliamentary influence on the budget – its symbolic value is broadly recognized and perpetuated by all major political actors. As the budget reflects the overarching political priorities and main focuses of the governmental program it is a focal point of attention and gives the budget a prime position in a polity's policy cycle. Parliaments in this respect dispose of the core functions to legitimize and hold an indirect influence over the final budgetary shape, as the budget has to be overall in line with the collective preferences of parliament.

4. METHODOLOGICAL CONSIDERATIONS

While the first chapters laid out the scope and perspective of analysis of parliamentary representation within the EU's budgetary process, the following part aims at proposing the analytical frame of this work.

Different then testing a theoretical model or the outcomes of specific hypotheses and causal relationships, this work aims at better understanding the parliamentary performance within the EU budgetary process and to explain the precise representative interests guiding this process. This methodological part therefore aims at separating systemic from random components in the analysis of the EU political system and thus serves as an ordering system of the consequent analysis in order to explain complex political processes (Brady, Collier 2010, p. 36). Since every conceptual or theoretical framework represents a specific view on the world, one must be aware that no study can achieve all analytic goals with one single research design. Since there is not *one* general theory of social life, research projects cannot explain with in-depth accuracy the most general functioning of social processes while at the same time defining strict causalities (for the most classic compilation see Przeworski, Teune 1970). Therefore, it is vital to respond to the possible trade-offs that are connected with the choice of one's research design. As no general theory is falsified here and as this study has the character of a qualitative in-depth study, it needs to be subsumed that the aim of research is of disposing of a high accuracy which is inevitably leading to a lower degree of generality and parsimony of the findings (Przeworski, Teune 1970, p. 22). Furthermore, emphasis has to be put on a high internal validity of the case and to find variance within and not between cases. Accordingly, the results of this study should have *generalizable* findings without being *general* with regard to their explanatory scope (Flick 2007, p. 260).

This study focuses on both formal-legal and factual performances of parliamentary representation in the EU budgetary process. The conceptual framework in this respect does not follow a strict causal model. The focus is thus on the empirical analysis of parliamentary budgetary politics and the construction of the EU multi-level parliamentary system. Therefore, the conceptual parts of this study fulfill the aim of guiding and structuring the analysis in terms of a heuristic device. No general theory will be falsified of hypothesized as the aim here is rather to "make sense of the policy process" (Zahariadis 2013, p. 808). In this field, generally, there is little added value of general global theories, since today

> "the social sciences are light years away from the stage at which it will be possible to formulate general-law-like regularities about human behavior. Instead we should concentrate on specifying small and medium-sized mechanisms for human action and interaction – plausible, frequently observed ways in which things happen." (Elster 1989, p. viii; for this argument see as well: Scharpf 2002; Scharpf 1997).

The framework presented aims to closely mirror the specific perception of social and political realities of parliamentary actors in the EU budgetary process. Given the exploratory nature of research and that of a "thick description" approach no clear-cut hypotheses have been compiled. Due to the approach which is not seeking to establish causal relationships but rather seeks to better understand the parliamentary budgetary process emphasis has been put on the empirical analysis.

From this follows as well that all descriptions made within a given perspective need to be aligned to the frame that guides the analysis. Analyzing parliamentary representation as a dynamic process within which the parliamentary budget authority is a core function of legitimizing the political system, implies that a mere formal analysis of the respective chains of delegation between the

electorate) and its representatives would not be sufficient in grasping the overall state of the EU's representative system. Therefore, although necessarily embedding the formal analysis of the EU's representative system, the precise performance of representation, both in its **internal and external dimension** is taken into account.[35] Representation is conceived not only as a dynamic process but also as a substantive relationship that links representative actors with the electorate and in order to fulfill their representative roles. In this respect, this study understands representative politics as being predominantly shaped by the actors that participate in it, in interacting with each other and creating collective norms and perceptions. Consequently, the actors' precise actions and perceptions, together with the formal-legal frame of action, have to be taken into consideration.

The analysis follows a mixed-methods approach in order to generate a higher validity for this single-case study. Following the exigencies of thick description, mixed methods will be used to analyze the budgetary process in the European Union and both the internal and external dimension of parliamentary representation and their impact on the parliamentary budget authority. In this respect the analysis draws both on classical primary and secondary literature. Furthermore, expert interviews with those representative actors that were directly embedded in the MFF negotiations have been conducted that not only shed light upon the respective construction of the budget authority but also on social practices and interactions within the MFF negotiations. Finally, as what regards the discursive cleavages and coalitions of the budgetary process, parliamentary debates are analyzed. In mixing both reactive (expert interviews) and non-reactive techniques (plenary debates) of analysis, a high level of validity is gained (Flick 2008, pp. 310–312). The center of this work both with regard to the internal and external dimension of representation relates to the overall function of parliamentary representation which is communication. Parliamentary representation disposes of a strong communicative element, as not only parliamentary representatives need to stand for their electorate within the political process but also need to communicate this to their electorate and constituencies. Therefore, the communicative bonds formed inside the political system and towards the electorate are a major analytical aim of this study.

4.1 Case Selection

This project's guiding questions on representative principles guiding the budgetary debate and parliamentary inclusion in budgetary processes require a "thick description" of the EU budgetary process. Therefore, a single case study design seems most promising in order to better understand how national and supranational parliamentary actors situate themselves in the EU budgetary process (Gerring 2009, p. 116). Due to the multitude of representative actors within the EU budgetary politics, it seems most suitable to pursue a single case study in order to gain a high validity within the case.

Single case studies require the acquisition of detailed information and mechanisms at work in order to be able to reflect on the totality of the case under research (Gläser, Laudel 2004, p. 34). They are particularly suitable in those areas where such a detailed understanding is yet lacking, furthermore they are recommended in contexts where there is no detailed empirical evidence or research is exploratory. Single case studies are furthermore often the first step to further research

[35] This is also advocated i.a. by Auel, Christiansen 2015 with regard to national parliaments in the EU parliamentary system.

(Gerring 2009, p. 116; van Evera 1997, pp. 54–55; Przeworski, Teune 1970). In the field of parliamentary cooperation within EU studies detailed case studies are mostly still lacking and therefore present important contributions to further insights into the political logics and political impact of the parliamentary dimension of the European integration (Hefftler, Gattermann 2015, p. 106). Furthermore, the parliamentary dimension of EU budgetary politics is also an only sparsely researched space with a lacking deeper understanding of the parliamentary role therein, However, it equally has to be noted that there are always potential downsides from a single case study: It proves less generalizable findings as they are based on one single case, also, the explanatory power of single case studies has been disputed (Gerring 2007, p. 230).

In this respect a case has to be found that – despite being unique and interdicting to generalize from one case to the other – is sufficiently suitable to shed light upon the more general position and state of budgetary involvement and parliamentary democracy in the European Union in terms of a most likely case (Gerring 2007; Jahn 2013, p. 328). The single case that has been chosen accordingly out of other possible cases in the EU budgetary policy process in order to assess the parliamentary budget authority in EU budgetary politics is the negotiations on the *Multi-annual Financial Framework 2014-2020*.

The EU budget differs from national budgets in important respects which makes it a particularly interesting case to study from a parliamentary position. First, it is comparably small in size. Not all EU policies require an EU budgetary counterpart, as the European Union also legislates via regulation, co-ordination and delegation (Sapir 2003). Furthermore, many policy areas are implemented and financed on the member states level (Nugent 2010, p. 401). Thus while the EU budget may raise up to 1.23 percent of the EU GNI in own resources under current multi-annual framework, the German national budget in comparison amounts to 10 percent of the German GNI. In direct comparison, the totality of the 2013 EU budget only amounted to half of the German federal budget in the same year. Second, the EU budget does not fulfill a directly visible distributive function as national budgets do; nor can it balance macroeconomic imbalances as budgets usually aim at doing (Becker 2014a, p. 7). Third, the EU is not allowed to indebt itself and it does not dispose of proper own resources but mostly depends on member states' contributions to the budget. But despite of its shortcomings and the obvious differences with respect to national budgets, the EU budget disposes of a considerable economic impact. The current Multi-annual Financial Framework which will be studies more closely in the following disposes of 960 billion Euro in commitments to be paid between 2014 and 2020. Over 90 percent of that amount will flow back to EU member states (Evas et al. 2012b). This "investment budget", as it is often called, is leading to a high political importance on the EU level and in the member states with regard to the question of where the money will flow both in terms of regional allocation and political priorities. Therefore, the budgetary process may figure as "the third most important package deal structuring EU politics after Treaty revisions and enlargement" (Wilde 2012, p. 1090).

Within the broad field of EU budgetary politics, the negotiation process on the Multiannual Financial Framework 2014-2020 whose two main parts – the Own Resources Decision and the MFF Regulation – have been negotiated between June 2011 and December 2013[36] - has been chosen as it is the most recent high-level budgetary decision and thus enables researching a recent

[36] The process of parliamentary inclusion span between June 2011 and April 2015 when the Bundestag finally ratified the process.

budgetary topic.[37] Multi-annual financial frameworks represent the connection between the revenue and expenditure side of the EU budget, where both the European Parliament and national parliaments are formally included. Furthermore, the MFF decision is the most political and important budgetary decision in the European Union, as the decision of annual budgets largely takes place within the framework that is set by the MFF.[38] Different to other multi-annual programs on the national level, the MFF sets the formal budgetary framework of the EU's financially relevant programs. It therefore binds all EU institutions in their annual budgetary decisions and thus disposes of a high political relevance. Furthermore, with the Treaty of Lisbon, the budgetary procedure has been altered (Benedetto 2013; Becker 2014) as to the legal structures and procedures and a new role of both the European Parliament, national parliaments and the European Council. In this respect, the negotiation of the MFF 2014-2020 forms a crucial single case in order to analyze the parliamentary budget authority after the reforms of the Treaty of Lisbon. The analysis will therefore concentrate on the process of negotiating the Multi-Annual Financial Framework (MFF) and the Own Resources Decision (ORD) as being both interlined through the multiannual financial programming. This is due to the fact that the MFF – taken together the MFFR and the ORD – determines the major budgetary lines and thus represents the strand of the budgetary process where political priorities are set and budgetary foundations laid down. The annual budgets which dispose of a different institutional and formal-legal procedures have to stay within these overall revenue and expenditure lines set with the MFF and are thus of a lower political relevance in terms of budgeting. They rather represent a "routinized exchange" (Laffan 1997, p. 33, for this argumentation see also Patz, Goetz 2015, pp. 6–8).[39]

With respect to the performance of the parliamentary budget authority, the European Parliament and the German Bundestag have been chosen as *parliamentary actors* to be scrutinized. The choice of the EP is evident, as it takes the formal position of a co-budgetary authority on the European level with regard to the agreement on the MFF Resolution. As national parliament – that formally have to ratify and thus legitimize the Own Resources Decision, the revenue side of the EU budget – the German Bundestag has been chosen, as it is a rather active and pro-European actor in the European Union (Auel et al. 2015a; Hefftler, Rozenberg 2015). Furthermore, its budgetary function is a strong right of the German Bundestag that formally has full amendment powers over its national budget. With regard to the EU budget, Germany is overall an important member state with respect to EU budgetary deliberations. It is not only an important net-paying country but also functions as a bridge between the net-payer countries and the cohesion countries. Furthermore, Germany is a federal state making it more likely to be adapted to multi-level budgetary bargains. With respect to EU affairs, finally, the importance of budgetary issues for the German Bundestag have been recently underlined by the German Constitutional Court ruling that budgetary appropriations can only be decided by the whole chamber in the case of the European Stability Mechanism.[40] Therefore, it can be assumed that the Bundestag aims to be actively involved in

[37] The choice of a "most recent" policy issue is of importance with respect to the interview partners and the reception of further data such as press releases.

[38] The decision on the annual budgets is sometimes not less politically controversial, but it involved only European Parliament and the Council. National Parliaments and the European Council do not participate in the decision.

[39] Although undoubtedly strong political interests are at stake within the annual budgetary process.

[40] BVerfG, 2 BvE 8/11 as of 28.2.2012, Paragraph 1 - 162.

European budgetary deliberations thus presenting a most-likely case for assuming a parliamentary budget authority in EU multi-level politics.

4.2 Dimensions of Representation

The empirical analysis in chapters 8 and 9 will be guided by two overarching dimensions of representation. In order to reflect the broader aim of conducting a more holistic analysis of the EU's parliamentary representative system, the representative process has been divided into its internal and external dimension. Both dimensions will serve as units of analysis to better assess the factual performance of representation from the side of parliamentary actors. Both dimensions are related to the overarching communicative function of representative actors. Communication is a foundation of parliamentary powers, as parliaments other than hierarchical government structures are inherently dependent on an open deliberation of public policies, both within the political system and in relation to the wider public (Patzelt 2013a, p. 47). The choice of these two overarching dimensions is equally mirrored by parliamentary research that points to the fact that an important means of influence of parliamentary actors is their social embeddedness (meaning their policy influence through social interaction) and their discursive function within which they actively shape public frames and their perception towards the electorare (Auel et al. 2015b, p. 291).

The first dimension of representation therefore relates to the inside of a political system, where representatives compete for their positions in order to properly represent their electorates and to build networks within the political system (Patzelt 1993, pp. 22–24). The external dimension of representation is pointed towards the electorate or the media as intermediary institutions and thus reflects the process of "standing for" and explaining decisions taken to convince and persuade the electorate. It therefore relates to the representative relationship and the "standing for" function of representation.

However, both dimensions are interrelated: Changes of the internal coordination of a dossier in this respect may influence the external dimension of representation in its "standing for" function towards the public. Representative actors aim at justifying their position in public and "explaining policy" from their perspective due to the social context they are situated in (Hajer 2006). At the same time as well, a change in preferences formed in the context of the representatives' relation to the public, may in the long run also lead to changing interests from the part of political actors that define their identities in constant interaction between them and their surroundings (logic of appropriateness). For parliamentary actors, this also entails that both the parliamentary culture in their respective environment and the beliefs on the legitimacy of procedures play an important role in the orientation of parliamentary actors inside the EU's political system (Auel, Christiansen 2015, pp. 271–273). In this respect, this cross-sectional analysis enables me to capture a broad picture of the social realities of political action in the European Union. In the following, these two dimensions will be elaborated in more detail and will be operationalized appropriately for the subsequent analyses.

4.2.1. Internal Representation

The internal dimension of representation refers to those practices that are related to interactive activities between political actors and to the internal coordination of a policy dossier as part of their representative work. Studying these coordinating structures and the impact of specific cleavages or

personalities on the process of coordination enables me to see beyond official documents, organizational charts and formal-legal rules of action in order to see and to understand what is *done*.

These coordinative practices can be described as the standard operating procedures through which political actors navigate *within* the political system. They help to better understand what is going on "on the ground" of political action in order to get an impression of where political actors are oriented to in their daily political work as representatives. Frédérique Mérand describes practices more generally as "not what somebody says s/he thinks or says s/he wants; it is what someone does" (Mérand 2011, p. 182). In this context, "practices are the result of inarticulate, practical knowledge that makes what is to be done appear 'self-evident' or commonsensical" (Pouliot 2008, p. 258). The internal dimension of representation in this respect refers to social interactions, exchanges and cooperation between political actors. It is produced and reproduced through communication between the actors involved within this system. This coordinative structure of the representative system, which in the case of the EU cannot be defined as a saturated representative system, therefore situates representative actors in the political system and link them to other actors on the European and national level of governance.

For the internal dimension of representation it is thus of interest to analyze how and with which strategies parliamentary actors represent citizens' interests inside a multi-level political system. Their coordinative practices in this respect may tell a great deal on the overall understanding and design of the EU budgetary process. For the empirical part of this work, the emphasis with regard to the internal dimension of representation will be therefore put on social interaction, exchanges and cooperation between the representative actors in order to gain a better understanding of the representative process and the substantive principles guiding the actors' actions. Therefore, guided interviews are an important means to gather information on the internal dimension of representation which is not addressed to the public but rather takes place inside the policy process. These contacts, informal exchanges and a coordination of positions "behind the scenes" are important means to structure the political process. Therefore, specific emphasis needs to be put on informal means of coordination and interaction within the budgetary process which will be done both via qualitative, guided interviews and the analysis of relevant party documents.

For the internal dimension of representation, the expert interview serves as an analytical corner stone of this work. Guided interviews with those representative actors that were participating in the policy process enables to close the gap between the formal knowledge of political processes and the processes taking place in a non-public sphere. There is of course always the danger that the interviewees only reflect on their personal opinion, or do not remember specific processes correctly or suffer window dressing from the part of political actors, here, it is of importance that the interviewer is well informed and is able to cross-check the interview data with public information on the policy process (Gläser, Laudel 2004, p. 109; Creswell 2003, p. 186). This triangulation between reactive and non-reactive data is an important means for gaining comprehensive knowledge on policy processes. The use of reactive data is particularly important in those EU policy issues where only a handful of experts are concerned in steering this process. As budgetary negotiations are steered by a few number of people (Laffan 1997, p. 88), those budget experts dispose of an important position and knowledge compared to their sectoral colleagues. This technical knowledge is important in all phases of the policy process and may significantly enhance the negotiation position of the actors involved. Therefore it is of importance of being able

to talk to these experts in person in order to gain an insight in their expertise and understanding of this process.

In this design, the question of whom to interview is a crucial one as it reflects on the nature and frame of information conveyed by the respective actors. An expert, most generally, is a person which has specific information about a field of interest, participates in decision-making processes and is able to clarify distinct connections due to his/her knowledge of the policy process (Mieg, Näf 2005, pp. 6–7). Therefore, it is important to identify key experts for gaining a comprehensive picture of the policy process under research (Merkens 2008, p. 288). For this work a number of representatives from all major representative institutions on different political levels have been interviewed. Although an emphasis was put on the European Parliament and the German Bundestag, interviews were also conducted inside the European Commission (both Commissioner cabinet and Directorate General Budget), the Council and European Council, and the German ministries and permanent representations involved in the budgetary process in order to gain a broad inside in the European budgetary politics surrounding the MFF 2014-2020 (more in detail see ch. 4.4).

4.2.2. External Representation

The external dimension of representation aims at linking political representation to the citizenry. Public debates thus link political actors to the society and to the public sphere.[41] Furthermore, the use of specific claims expresses the actors' perception of the social reality and their interpretation of specific political questions. This using of specific claims in order to frame a policy issue in the public sphere is an important parliamentary function that disposes of two features: First, it does explain political choices to the electorate and serves as a justification of positions taken in terms of the overarching "explaining policy" function of representation (Fenno 1978). This "explaining policy" aims at convincing the wider public of what needs to be done and explains and promotes political choices. Political debates therefore serve as a legitimizing function of the representative system as political decisions are justified and explained. In this respect, they also are a legitimizing factor of the political system (Hübner, Oberreuter 1977, p. 11; Wendler 2013). Next to the "explaining policy" representation, representatives secondly get the opportunity to show to the electorate that something is done and that the electorate's interests are represented in the "standing for" function of representation. This almost theatrical function also adds to the legitimizing function of the representative relationship as the electorate is assured that "their" representatives are engaged for their interests.

In order to get an insight in the performance of the "standing for" and "explaining policy" functions of parliamentary representation, parliamentary debates provide an important vehicle for the positions and views representatives aim to "transport" towards their electorate. The analysis of public parliamentary debates is thus of great importance as the deliberation and the justification of policies as well as the showing that something is done are central preconditions for a representative democracy (Eriksen, Fossum 2011); (Neyer 2014). The public communication of policies serves as a justification to the citizenry, it applies to all public political speeches even if some of the public debates in parliaments and the Council are not widely perceived. In this respect, tracing the overarching debates and discursive characteristics of representative democracy in the EU not only

[41] Although it of course has to be noted that the parliamentary power of interpretation has suffered in the past decades through a cacophony of voices in the (social) media sphere Patzelt 2013a, p. 48.

puts an emphasis on the processes of public opinion formation but also on the structure of the intermediate public sphere in a representative democracy (Buzogàny 2013, p. 20).

These functions of "explaining policy" and "standing for" the electorate are understood here as the respective views and ideas of representative actors, as they determine political realities as perceived through the representatives' lenses (Nullmeier 2006, p. 297). In this respect, the representative cleavages – that are voiced in the form of specific claims – are taken as a proxy for the representatives' communicative function towards the public sphere. These claims uttered in the political sphere bundle interests and enable the building of specific discourse coalitions among representative actors. Therefore, these argumentations and justifications can be regarded as one sphere of the practice of power in the political arena (Hajer 2006, p. 297). Public debates and political statements are directed to the public opinion, the electorate and the media. They link representative actors in their perception of specific policy issues and their explanation of those towards the wider public. In their capacity as representatives of a specific constituency, of a specific party, and – as in the case of the EU – of a specific territory, their discourses stand for a constituency-based, party-based, and member state-based contributions. In this respect their justifications towards the public sphere ideal-typically need to cater for these factors. However, the emphasis that is put on one or two of these aspects is of particular importance in the case of the EU parliamentary system as it is "the spokesperson (…) creates the group" (Saward 2006, p. 302) in a performative action and thus reflects its own perceptions and preferences with regard to its manner of representation.

Although, parliamentary debates have lost their ideal-typically function to serve as a direct extension of societal discourses (Weiß 2011, p. 129) they nevertheless aim at a multiplicity of audiences in order to fulfill their representative functions.

> "[Die, LS] Rechtfertigung eigener Entscheidung, Kritik an der Haltung anderer, öffentlich-wirksame Kontrolle, Information und politische Bildung im weitesten Sinn." (Steffani 1965: 16, cited in: (Weiß 2011, p. 134)

In this respect, representative claims inside the representative political space aim at underlining commonalities and divergences between political actors with the aim to transfer these conflicts and political interpretations towards the public sphere. Political debates hence unveil "programmatic beliefs" of representative actors and enable an analysis of the orientation towards each other and the establishment of a "common meaning system" (Scott 1995). They serve as an ordering system that on the one hand aims at justifying political positions inside the political system and confine them from other positions and to give an interpretation of political processes in the public and towards the public sphere. Political speeches and other public utterances are a particularly pertinent source of expression and external representation as they picture the political actors' "response to events by defining the […] alternatives from among which they choose" (Majone 1989, p. 169, cited in Kisby 2007, p. 79). Distinct cleavages and coalitions thus enable not only a better understanding of the specific claims and cleavages that are related to a policy issue, but also enable inferences on the broader structuration of a representative system as a whole.

With regard to the analysis of the external dimension of representation, two concepts are of importance: Cleavages and coalitions. Representative actors position themselves in a meaningful manner as representatives of a specific group or organization and thus also point towards overall perceptions and identities of that group. Therefore, the analysis will be oriented both to the content-level of the political debate (the specific cleavages) and the group-level (where representative actors may share specific cleavages).

Cleavages uttered by representative actors represent the reality as it is perceived by the respective actor. They thus situate the speaker in his/her context of action. These cleavages and statements underline their overall perception of the political priorities the EU budget should serve. To give an example: As there is most often a broad but unspecified notion of an "added value" in budgetary debates, the specific claims on what the actors perceive as this "added value" and which political goals they attach to it is of great interest in order to gain insights towards the overall perception of budgetary politics and the positions transported to the public. It has to be noted, however, that these claims do not come from thin air but are always connected to the actors' context they are situated in. Therefore, representative actors react to this context – i.a the party-political context, the broader budgetary debate, the position within the political system – that equally shapes their public statements. Therefore, cleavages are not relevant on a mere content-level to connect actors to specific cleavages but they are also relevant on an actor-level in order to find out about commonalities and divergences in terms of reflecting claims. These coalitions of common cleavages enable me to trace the structure of the parliamentary budget authority and the following of representative principles with regard to their public statements. In this context cleavages and coalitions not only enable the researcher to map the goals political actors pursue, but can also be understood as a medium that both creates and reflects the reality actors are embedded in. This analysis of the linkage between cleavages and actor coalitions in the budgetary discourse enables me to show the interconnectedness between the parliamentary levels which is still a relevant literature gap in the study of interparliamentary relations (Hefftler, Gattermann 2015, p. 112).[42]

Actors recur to specific cleavages in public statements that serve as anchor points of their justification and explanation of policies. These statements, however, are at the same time linked to the broader political discourse and the broader social reality they are embedded in, as all actors possibly have the opportunity to influence each other (Hajer 2002). This connectedness of the statements voiced within the MFF negotiations therefore form distinct coalitions which are matching distinct cleavages between different sets of actors. In this respect the respective statements uttered by representative actors do not stand alone but are integrated in distinct coalitions that are characterized by similar beliefs (Hajer 2006).

Methodologically, this entail that both the representative actors' statements and cleavages (content-related part) and with whom they share specific frames in terms of a discourse coalition (actor-centered part) are of analytical interest in order to show how representative actors are related to each other in the EU budgetary system. In this respect, the main interest of the external dimension of representation is to trace both the shifting nature of political claims uttered in the budgetary debate and to trace the respective coalitions that are formed through this statements.

This aim of taking both cleavages and coalitions of the representative debate into consideration for the analysis of the external dimension of representation is methodologically supported by the use of a rather new analytical toolkit which is called Discourse Network Analysis (DNA). It has been developed and theoretically anchored by Philip Leifeld (Leifeld 2011; Leifeld 2013; Leifeld, Haunss

[42] In EU Studies, research designs focusing on discourses or the representative debate have gained more attention in the past years see. i.a. Auel, Raunio 2012a; Crespy, Schmidt 2014; Kutter 2014; Müller 2010; Wendler 2014). However, there is no single understanding and methodological usage of discourse analysis, or political debates more narrowly, in EU studies and political sciences Nullmeier 2006, p. 287.

2012).[43] DNA is a combination of social network analysis and content analysis and aims at tracing, analyzing and illustrating the major positions and major cleavages of a specific discourse or political debate. It connects arguments with the actors supporting or rejecting these arguments. Hence, a clustering of specific cleavages and the actors related to these is possible. DNA in this respect connects actors through shared preferences that are expressed in political speeches. As all representative actors form part of the analysis, a comprehensive picture of positions in the representative debate within the budgetary process will be generated. Not only that the major claims can be attributed to specific actors but actors can also be grouped according to shared positions in terms of a "discourse coalition". In this respect the budgetary debate can be mapped (Leifeld, Haunss 2012, p. 383). The discursive structure aims at showing the structure of the MFF debate and what positions and cleavages the respective actors take within this process. As the Discourse Network Analysis establishes a relational space of argumentation and explanation of political positions (Leifeld, Haunss 2012), it is a particularly fitting analytical tool for this research design as it takes into account the context a discourse is situated in as it does not neglect the actor-level.

4.3 Phases and Levels of Analysis

Representation is a "moving target": Both its institutions and the performance of representation are subject to change, as there is no telos in representation, no representative end-state with a fixed definition on when a particular political system is "representative" (Ankersmit 2002). From this perspective, the process of representation moves to the center of analysis in order to analyze the representativeness of a given polity. Here both actors and institutions play an important role: Institutions on the one hand create the context for political action in enabling and constraining representative actors; on the other hand representative actors dispose of their individual perceptions and positions on how to represent. Therefore, neither a strict focus on institutional processes nor a unique actor-centered analysis seems suited as a level of analysis. Rather it is the level of the political system that seems as being the most appropriate as overarching level of analysis in order to analyze both underlying principles of representation and the internal dynamics of representation. This system is an important field for the analysis of the parliamentary actors' broader inclusion, legitimacy and orientation.

Taking a look at the dynamics of representation furthermore has an impact on the choice of who shall be considered a representative actor. It has already been underlined that the EU political system is characterized by a plethora of representative actors among which parliamentary actors only form one part of. In order to better understand the role of parliamentary actors within the EU budgetary system and their representative orientation, it is therefore necessary to take the overall representative system into consideration, as it helps to understand the precise positions parliaments take within this particular structure.

In the following, the actor-notion will be restricted to three kinds of representative actors: elected representatives, territorial representatives and functional representatives (Kröger, Friedrich 2013a,

[43] DNA in this respect is not only a methodology for a network analysis of political discourses but also comes with a precise analytical program for this analysis which has equally been developed by Philip Leifeld and can be used free of charge, http://www.philipleifeld.com/software/discourse-network-analyzer/discourse-network-analyzer.html (accessed 19.11.2016).

p. 184). Especially in the EU, representation is not uniquely tied to parliamentary, elected representatives (which are in the case of the European Union European Parliament and national parliaments), but also actors that represent territorial interests (in the European Union the Council, European Council) and functional interests (the European Commission and to a lesser extent the European Parliament). Civil society actors and other nongovernmental actors have not been included as the emphasis of this work lies in the formal institutional actors within the EU political system.[44] Within the EU representative system and with regard to parliamentary representation in the EU budgetary process, two axes of parliamentary orientation are of importance: Horizontal and vertical cooperation. Horizontal cooperation refers to exchanges and cooperation structures between parliamentary actors with their respective executive and non-executive counterparts on their respective level of government. Vertical cooperation, in contrast, refers to cooperation and communication structures between the respective parliamentary actors in the EU budgetary process. These vertical processes of mutual information and cooperation enable to trace the institutional linkages of parliamentary cooperation and personal contacts with regard to a specific dossier which is of mutual interest.

The precise level of analysis for the performance of the parliamentary budget authority and the following of representative principles is not the individual level of parliamentary actors but rather relates to the party group level. While the precise analysis and interview material relates to individual parliamentary actors, this data will be accumulated to get a bigger picture on how members of parliament more generally situate themselves inside the EU budgetary process. The use of the party group level as a level of analysis is because it reflects the importance of party politics for parliamentary representation (Miklin 2013; Strelkov 2015; Auel et al. 2015a; Schulz 2012). Further elements taken up in the analysis will be the overall institutional affiliation of parliamentary actors (EP / Bundestag level); the importance of committee structures in the policy process as being a core organizational element in the parliamentary processes (see i.a. Beichelt, Kietz 2014); and also the individual level of parliamentary actors acting as policy entrepreneurs both on their governmental level and with respect to interparliamentary structures of exchange and cooperation. Given the fact that this study focuses on the interconnection between German and European parliamentary levels, most focus of research is on those party groups that have a distinct counterpart on the respective other level. Therefore the ECR and EFDD party groups will not be analysed systematically – different to the other party groups which are also represented on the German political level.[45]

As the budgetary process touches a number of organizational levels and areas of parliamentary politics, therefore, while putting an emphasis on the political group level other factors of conflict and cooperation shall also be included in order to contribute to a broad analysis of budgetary politics in the parliamentary sphere. With regard to the phases of analysis, this work orients itself to other analyses of EU budgetary politics and their delimitation of the phases of the budgetary policy cycle.

[44] Of course it has to be noted that civil society actors perform important representative functions in today's EU political system and can easily be added to be semi-formal representative institutions (Kohler-Koch et al. 2011; Hüttemann 2014). However, due to the scope of this research project they have been left out of the analysis.

[45] At the time of analysis (2010-2013) the "Alternative für Deutschland" has not yet joined the European Parliament nor the German Bundestag.

The temporal focus of this work is on the formulation phase of the MFF as this is where the parliamentary actors are formally embedded in. Although the agenda-setting phase certainly plays an important role, too, it is less important in the case of budgetary politics and parliamentary inclusion and will therefore be only be secondarily included in the analysis. Same applies to the implementation phase which is not of importance to the overall scope of analysis. Within the formulation phase overall three major phases of the budgetary policy cycle can be detected (after Becker 2014a, pp. 99–105). The first phase represents the draft budget presented by the EU Commission and the reactions to that; the second phase relates to the negotiations inside the Council; and the third phase aims to analyze the negotiations between the Council and the European Parliament. Therefore, the temporal development of budgetary process is oriented along those three major phases (see figure 4.1).

Figure 4.1: Phases of MFF policy process as covered in analysis

Formulation I
27 June 2011 – 28/29 June 2012: Introduction of COM proposal => first dealing with MFF in EuCo
Formulation II
28/29 June 2012 – 7/8 February 2013: European Council as main negotiator => EuCo compromise
Formulation III
7/8 February 2013 – 13 December 2013: EuCo compromise => conclusion of MFF Regulation; political compromise on Own Resources Decision

Own compilation

The analysis therefore begins with the formulation phase as this was the time the draft MFF Regulation entered the respective legislative arena and was thus object to parliamentary scrutiny. The first legislative formulation phase spans up to the first involvement of the European Council with the matter, the second "intergovernmental" phase comprises the discourse during the intervention of the European Council, and the last phase of the MFFR formulation deals with the parliamentary formulation where the EP negotiated a final deal with the Council. Formally, national parliaments were further involved in the ratification process of the Own Resources Decision, which will be also touched upon in the analysis but does not strictly relate to the formulation phase of the MFF 2014-2020 and is therefore not specified here.

4.4 Data Collection and Analysis

4.1.1 Internal Representation

As has been elaborated above, both the use of primary and secondary sources and of interview data are important for reconstructing the internal dimension of representation in budgetary politics. Data gained from semi-standardized expert interviews is a valuable source of insights into the process of budgetary policy-making. The interviews were conducted both in the EU and the German institutional setting. All interviews were conducted with the help of a set of questions that were similar to all sets of actors interviewed. This non-standardized format aimed to set distinct guidelines on the topics to be covered, but it is open to the answers of the interviewees (Gläser, Laudel 2004, p. 107). Therefore, it is important to design the questions in a manner that are

understood similarly by diverging sets of actors. The structuration of such a questionnaire should be closely connected to the actual research interest and research question of the work in order to gain those insights that are important to the researcher.

Accordingly, the interview questions were designed with the overall research question in mind and with regard to the internal dimension of representation. Therefore the questionnaire was divided in three main parts: A general introductory part aiming to gain insights on the overall position of the interviewee in the budgetary process. The second and third part of the interview related to precise elements of the internal dimension of representation, namely communication and coordination structures in the budgetary process and structures of cooperation in this process. In the interviews, communication and cooperation have been divided in order to find out with which actors representatives merely stood in contact and exchanged positions and with which actors they indeed worked together in order to come to a common position. Finally, a concluding question was one the perception of which topic was most important to the respective actors and – according to the snowballing method in interview sampling – most respondents were asked who should be further talked to in order to create a wide net of interview partners.

Figure 4.2: **Distribution of expert interviews**

European Parliament	**8**
among which:	
* MEPs	4
* Assistants / Party Group Staff	2
* Administration	2
European Commission	**3**
among which:	
* DG Budget	2
* Cabinet Budget Commissioner	1
(European) Council	**3**
among which:	
* Council Secretariat	2
* European Council Secretariat	1
German Bundestag	**7**
among which:	
* MdBs	4
* Assistants / Party Group Staff	3
German Government	**3**
among which:	
* Permanent Representation	1
* Foreign Office	2
Total number of interviews	**24**

The interviews were conducted between 24 April 2014 and 16 April 2015. However, most interviews were conducted between May and September 2014, during a research stay in Brussels (see figure 4.2). For most interviews it has been possible to record the conversation. If interview partners did not wish a recording or if a recording was not possible, a detailed protocol of the interview was compiled ex post according to the notes taken during the interview. The recordings were transcribed and were then merged to a code book which served as the basis for further analysis.

The further analysis was undertaken in the form of a qualitative content-analysis which helped to analyze communication in light of the overall research interest (Mayring 2007, p. 13). In this respect both the national and supranational parliamentary level are subject to analysis, equally the interaction and linkages between these levels in light of the electoral and territorial principles of representation. The codebook for the analysis was set up inductively according to these overall questions and enlisted single statements from the respective actors in light of the respective topics under research (DeCuir-Gunby et al. 2011, p. 141).

4.2.2 External Representation

With regard to the external dimension of representation, data collection was structured along the following lines: All public plenary debates that fell into the analytic period – between the first Commission draft and the final conclusion of the MFF – were gathered. Within this time frame fell a totality of 24 debates (see figure 4.3). Among them were six public deliberations in the General Affairs Council where member states stated their positions and several government statements before and following the European Council meetings. Likewise, six debates in the plenary of the German Bundestag that were directly related to the MFF took place in that time. As the European Parliament also debated the technicalities of the MFFR, only those debates were chosen that treated the MFF dossier in a general, horizontal manner, such as general debates and discussions before or after meetings of the European Council.

Figure 4.3: Coding the EU budgetary policy cycle

Formulation I (29.06.2011 – 28/29.06.2012)

- Presentation, Draft MFFR, European Commission (29.06.2011)
- Comment German government (4.07.2011)
- EP debate in COM Proposals (5.07.2011)
- GAC, general debate, state-sectary level (15.11.2011)
- BT debate (during German budget debate) (24.11.2011)
- BT debate (proposed resolution from EAC) (01.12.2011)
- GAC, general debate, ministerial level (27.01.2012)
- GAC, general debate, state-secretary level (24.04.2012)
- GAC, general debate, state-secretary level (29.05.2012)
- BT debate (on financing translations under MFF 2014-2020) (12.06.2012)
- GAC, general debate, state-secretary level (26.06.2012)

Formulation II (29.06.2012 – 7/8.02.2013)

- BT debate (before European Council) (27.06.2012)
- EP debate (after European Council) (03.07.2012)
- GAC debate, general debate, state-secretary level (24.07.2012)
- EP debate (Resolution on achieving a positive outcome of the MFF) (23.10.2012)
- EP debate (preparing the European Council) (21.11.2012)
- EP debate (preparing the European Council) (06.02.2013)
- European Council (07.02.2013)

Formulation III (7/8.02. 2013 – 13.12.2013)

- EP debate (after European Council) (18.02.2013)
- BT debate (Government declaration and debate after European Council) (21.02.2013)
- EP debate (Resolutions on European Council Conclusions) (13.03.2013)
- BT debate (Government declaration and debate) (27.06.2013)
- European Council (27./28.06.2013)
- EP debate (on MFF Agreement) (02.07.2013)
- EP debate (debate and formal consent to MFFR) (19.11.2013)

The coding process itself was equally pursued with the help of a codebook, as it enhances the reliability of the data gathered and helps to trace the respective steps of the empirical analysis. The codebook was generated autonomously with respect to the research question and -interests. Following DeCuir-Gunby et al. (2011, p. 141), the coding process evolved inductively. First, the raw material – the totality of plenary debates – was reduced, recurring themes were identified and compared across the total number of debates. Then, discursive claims were created and all debates were analyzed according to the determined codes (claims). The codebook was used to determine which phrases fell under a specific claim and which did not in order to increase reliability. In order to enhance the validity of the data, the analysis was conducted in two waves. Although it was not possible to conduct a four-eye principle, a second wave of analyzing the totality of speeches aimed at carving out coding errors.

The level of analysis at this stage referred to the sentence or paragraph level. These were coded as belonging to one claim that was either approved or rejected. If one representative repeatedly used one specific frame – within the interval of a paragraph – they were coded multiple in order to underline the strong interest of one actor in an argument. With regard to the types of parliamentary actors coded, it was only those speakers included that were assigned to the parliamentary debate on behalf of a party group. Which is why, for the case of the European Parliament, both those parliamentarians that were speaking as the rapporteur on behalf of a specific committee were omitted as well as those that joined the parliamentary discourse during the "Catch the Eye"-Procedure in the European Parliament.[46] Finally, only those statements that made an allusion to one of the claims established were transferred to the DNA program for the subsequent analysis. Statements that did not relate to any of the codes have not been transmitted. Within the DNA program, the coding was possible with respect to the following indicators: Organizational affiliation,[47] personal characteristics,[48] date of statement, claim uttered and if the claim was approved or rejected.

For example, the following statement

> "Eine EU-Steuer, wie sie im Vorschlag der Kommission enthalten ist, lehnen Deutschland und die Mehrheit der Mitgliedsstaaten ab. Es gibt keinen Bedarf für eine solche Steuer, denn die EU hat kein Finanzierungsproblem." Guido Westerwelle, German Foreign Minister, 30.06.2011

Was coded along the following features: Member States; German government; 30.06.2011; Own resources; rejection of claim.

From this coding procedure an overall number of eight discursive concepts emerged that were most often cited as important features of the Multi-annual Financial Framework from the representative actors. They were used accordingly for the analysis of the debates. These claims were: Size of the MFF, Own resources, Political priorities, Flexibility of the MFF, Review of the MFF, Macroeconomic conditionality, the Inclusiveness of the MFF and the Rebate system.[49] From

[46] The „Catch-the-Eye"-Procedure enables those MEPs to make a brief one-minute statement if they have not been selected by the party groups as official speaker. The President of the EP may select those MEPs that indicate to join the debate. See: http://www.europarl.europa.eu/plenary/en/guide-plenary.html (accessed: 19.11.2016).

[47] Here, the organizational level, i.e. Bundestag, European Parliament, European Commission, Member States, Council, European Council, was chosen.

[48] According to the unit of analysis chosen in this work, for the personal coding, the party group level was chosen, i.e. EPP, S&D, ALDE, Greens, SPD, CDU/CSU and so on.

[49] For the precise inclusion and exclusion criteria of the respective claims please see the codebook.

the totality of 24 legislative debates in the Council, European Parliament and Bundestag, a total of 172 single speeches were coded and from these 407 statements extracted. The single statements were coded accordingly after the phase of the policy intervention, the political group, the affiliation to the national or European political level and the respective discursive claims uttered.

Subsequently, a third wave of analysis was undertaken with respect to the claims related to "political priorities" in order to find out which particular priorities the representative actors attached to the MFF in light of the substantive representative principles followed in the budgetary debate. As they were taken from the claims already coded, no new data set was created but the claims coded with "political priorities" were singled out and coded for a second time.[50] Consequently, nine claims on political priorities were singled out. They comprise: Cohesion Policy, Agriculture, Sustainable Development, Jobs, Research and Development, EU as a Global Actor, Infrastructure, Economic Growth, and Education.

For the analysis of the cleavages and coalitions of the external dimension of representation, the data was assembled in the form of an affiliation network, where actors are connected to the claims they have approved or rejected. Whenever an actor uttered a claim, a relation between the actor and the respective claim is established. The more statements, the actors makes on a particular claim, the denser the actor and the claim are connected (Leifeld 2013, pp. 173–174). From this affiliation between actors and concepts the respective importance of specific claims to specific actors can be analyzed. Also, the overall importance of specific claims can be deduced from such a network. The discourse coalition, as a second analytical step, aims to display representative claims that are shared between a distinct set of actors. The existence and possible change of these coalitions that dispose of joint orientations with regard to the approval or rejection of specific claims, is analyzed with the help of a so-called occurrence network, where the actors (nodes) are connected through the number of common claims (edges) they share. In these co-occurrence networks, both the data from the overall representative claims in the MFF debate and the distinct political priorities uttered were included in order to shed light upon the more general structure of a similarities and divergences of representative claims. In order to cater for the divergences in the number of statements some of the representative actors uttered due to their institutional role (such as the European Commission as being qua its institutional function as an agenda-setter often involved in discourses), the network data has been normalized, in order to cater for the possible bias of the edge weights. This normalization is achieved by the division of edge weights by the average number of distinct categories used by both actors involved in an edge (Leifeld 2012, p. 24). The network's visualization has comprised a weighing of the edges, meaning that the more often two actors share the same claims, the thicker the line becomes.[51] In this respect, the clustering of respective actors indicates the high number of commonly approved or rejected claims.

For a further analysis of the discourse coalitions, apart from the clustering of the actors within the network, discursive brokering positions are of importance as they display those actors that are

[50] If representative actors listed policy areas that they perceived as a priority in the budgetary debate, only the first three claims were used in order to focus on the most relevant political priorities as they were perceived and listed by the actors involved.

[51] The visualization of the network data gathered was conducted with the software "Visone" developed at the University of Konstanz (http://www.visone.info, accessed: 19.11.2016). It is an analysis and visualization software. The graphs displayed in chapter 9 were visualized due to the same parameter for a coherent visualization.

either in a position of finding a compromise or as trying to embed as many claims as possible in their discourses. For these brokering positions, the betweenness centrality score is important as it measures the numbers of time where the respective node is functioning as bridge for the shortest path from one actor to the other (Leifeld 2011, p. 308; Wasserman, Faust 2007).[52]

[52] The betweenness score was computed in a percentage score and has not been standardized, but weighed on the link strength.

PART II) PARLIAMENTS AND THE EU BUDGETARY SYSTEM

In the following part, the embeddedness of parliamentary actors in the EU budgetary system is analyzed in putting an emphasis on their formal-legal position. Before assessing the nature of the EU budgetary process from a parliamentary angle, a first chapter relates to parliamentary representation in the European Union. Here the nature of parliamentary representation in the EU multi-level system is taken up in order to look more closely on territorial and electoral dimensions of parliamentary representation in the EU. In the following, the EU budgetary system, the parliamentary budget authority and the negotiations of the MFF 2014-2020 will be looked upon in a more detailed manner in order to highlight the structure of negotiations and the major interests from the actors involved therein.

5. PARLIAMENTARY REPRESENTATION IN THE EUROPEAN UNION

As already discussed in chapter 2, the process of representation is a major function of parliamentary actors to create legitimacy within a political system and to directly link public interests to the political sphere. As being individually accountable towards the public in general and their electorate more specifically, the overall quality of democracy and legitimacy of the political systems therefore – not only, but to a great extent – rests upon parliamentarians that represent, communicate and justify the political positions taken within a political system.

Since the Treaty of Lisbon, both national parliaments and the European Parliament form part of the EU's constitutional order. While the European Parliament is the supranational policy-making institution, national parliaments are recognized within the Treaties as institutions of policy control (of their national governments and of EU subsidiarity breaches). After many years of academic and political debate about strengthening the European Parliament, in the 1990s the focus shifted back to national parliaments. After negative referenda on the EU's constitutional agenda and the lack of the EP acting as a fully-fledged parliamentary institution on the EU level, national parliaments came back to the stage as seemingly "genuine" bearer of parliamentary legitimacy. Accordingly, with the Treaty of Lisbon, opportunity structures were created that did not only strengthen the European Parliament's inclusion in the policy process but also the involvement of national parliaments in EU policy-making and control.

Different to national federal systems that also dispose of different levels of parliamentary representation and an intersection between electoral and territorial parliamentary interests, in the EU primary law there is no clear-cut concept of the relation or hierarchy between parliamentary bodies (Maurer 2012, p. 23). The development of parliamentary inclusion did not take place with a clear vision on how, where and with what powers parliamentary representative bodies should be included in the EU political system. Parliamentary integration took place in two major waves that are connected to each other but do not follow a common logic: While the European Parliament was created as a representative institution on the EU level which gained ground in its own claim to represent a European demos, the empowerment of national parliaments is a reaction to weaknesses in terms of parliamentary representation of the European Parliament. But no distinct formal or institutional connection was made between the parliamentary bodies until the Treaty of Lisbon that enshrined practices of parliamentary cooperation in the Treaty and assigned a formal role to national parliaments.

These overall waves of "deparliamentarisation" and "reparliamentarisation" between the European Parliament and national parliaments, which is being exemplified by the loss of political room of maneuver of national parliaments and the gain of further parliamentary powers by the European Parliament, however, did not take place at the same time. Policy areas were Europeanized – and therefore taken away from national parliaments' scope of influence – without being fully compensated by parliamentary representation of the European Parliament (Maurer 2011, p. 44). This had the effect that European integration lead to a substantive growth of executive powers which amount to a double democratic deficit in the EU: On the one hand national parliamentary powers decreased in terms of policy areas covered by national legislation and national parliamentary control, while on the other hand the EP still disposes of a generally weaker position in the EU policy process than national parliaments in their respective national systems. Therefore a deparliamentarisation of one parliamentary institution does not automatically imply a reparliamentarisation of another parliamentary institution (different to what i.e. Rittberger 2005, p. 199 claims).[53]

Due to the lack of a clear-cut hierarchy of electoral representative institutions, the two channels of electoral representation – that have the European and the national people as subject – gain prominence. Today, parliamentary representation in the EU is both based on the supranational legitimacy of the European Parliament and on the national legitimacy and representation of national parliaments within their respective political systems. The EU's historical development underlined that the Union's democratic deficit cannot be eased only by transferring more powers towards the European Parliament, as it is not legitimately accepted as representing citizens' interests by a large part of the European citizenry (Biefang 2011, p. 57). National parliaments are legitimated through a direct electoral bond with a national demos through national parliamentary elections where consistent parties rally for votes. On the European level, there is, strictly speaking, no European demos but rather 28 national "demoi" (Nicolaïdis 2012). Representatives are elected into the European Parliament through national parties and electorate systems, which impedes on the overall nature of electoral representation of the European Parliament. Consequently, on the one hand the European Parliament – though more or less legitimated transnationally – does not dispose of a European-wide electoral representation while national parliaments predominantly dispose of a national electoral bond and not a European one as they are elected nationally and with regard to national representative cleavages and interests. This coexistence of EU and national political and party systems will also be recurred upon later in this chapter.

The European Parliament and national parliaments dispose of strongly diverging evolutionary patterns: While the European Parliament is a rather young institution that developed within the past 30 years from a largely powerless "talking shop" into an influential legislative supranational body, national political systems look back at a long parliamentary history with their parliaments being centrally embedded in their respective national systems. Today, the European Parliament – despite its electoral shortcomings – performs the function of being the primary parliamentary institution on the EU level and disposes of an important policy-making function. With regard to

[53] Generally, the term "deparliamentarisation" should be used with great care as it implies that a fundamental decline of parliamentary power would take place. Certainly, parliamentary institutions are bound to change but there is nothing like a "golden age" of parliamentarism Oberreuter 2013, p. 24, as the phenomenon of deparliamentarisation is an ever recurring theme in legislative research (see i.a.: Loewenberg 1971). However one has to acknowledge the widespread criticism of an increase of executive powers at the expense of parliamentary ones Schüttemeyer, Siefken 2008, p. 482.

national parliaments, there still seems to be no common agreement on what their exact role should look like (Neyer 2012, p. 30). Most generally it is stressed that the inclusion of national parliaments in the policy process of the European Union enhances the overall legitimacy of the integration project (Calliess 2009; Maurer 2012, pp. 26–28). As they effectively control national governments in European affairs, national parliaments hold accountable the most powerful political actors in the integration process. Furthermore, national parliaments are said to be the most direct link between the citizens and the political system. As the European Union still consists of predominantly national publics, the representative link of communication and "standing for" representation is mostly attributed to national members of parliament (Wilde, Raunio 2014, pp. 5–6).[54]

In the following, the aim is to provide an overview of the development and nature of parliamentary representation in the European Union. As both parliamentary levels play an integral part in the EU multi-level system, they will be analyzed in an integrated matter to come to a more holistic picture of parliamentary representation in the European Union. As both parliamentary levels dispose of a specific formal institutional position inside the EU's representative architecture and as both represent the electoral channel of representation in the EU, it is necessary to regard their representative principles in an integrated manner. After a brief historical overview both the *horizontal dimension of parliamentary embeddedness* in the policy process, meaning the parliamentary inclusion in the EU policy process on the respective governmental level and the *vertical cooperation between parliamentary actors* will be reflected on. For the analysis it is of importance to what extent parliaments are formally able to "make a difference" (Marschall 2005a, p. 68)[55]; the position the parliamentary representative actors take in the representative system vis-à-vis other actors; and their practices and parliamentary traditions.

5.1 Parliamentary Representation in the Integration Process

Nearly all EU member states can be counted among disposing of a parliamentary political system.[56] Therefore, both the national political structures and the overall democratic culture of parliamentary representation demanded from the beginning of the EU integration process for the establishment of active parliamentary participation in the European Communities. This emphasis on parliamentary government was mirrored in the establishment of a Parliamentary Assembly already in the European Coal and Steel Community in 1951. The Assembly's powers were clearly modelled after national parliaments, as what regards the right of information and a political responsibility of the government (the High Authority) ((Verhey et al. 2008, p. 304); (Crespo 2012, pp. 3–4). However, in the early years of integration and due to the structure of decision-making inside the

[54] Although this communicative function has generally decreased in popular significance also within national chambers – as the example of the German Bundestag underlines Hierlemann, Sieberer 2014.

[55] The most classical denomination of parliamentary functions was provided by Walter Bagehot in 1897 who differentiated between elective, expressive, teaching, informing, and legislative functions that legislative bodies dispose of Bagehot 1964. Latter typologies and enumerations vary between three Loewenberg, Patterson 1979 and seven Steffani 1979 functions of parliamentary performance. As diverse as these manifold modern classifications might seem at first glance, they can be broken down in four major areas that are mentioned in one way or another in all function catalogues. These are namely the (1) elective function; (2) policy-making function; (3) control function; and (4) communication function.

[56] Parliamentary political system in the sense that the government emanates from the parliamentary majority (Lijpart 1999; Schüttemeyer, Siefken 2008, p. 482. Only Cyprus does not follow this parliamentary logic.

European Community, national parliaments remained as principal representative institutions, ensuring the parliamentary link of the integration project.

Although disposing of rights of information and a motion of censure towards the High Authority in order to conduct oversight of the ECSC's executive body, the parliamentary assembly did not dispose of those functions that are normally associated with parliamentary bodies: It was not granted legislative powers but only a consultative function[57] and the Assembly could not install but only censure the High Authority.[58] Furthermore the body did not consist of elected parliamentarians but of members delegated from the national parliamentary bodies. These major principles were also carried forward to the European Economic Community established in 1957. The basic rationale behind this set-up was the intergovernmental nature of the integration project at that time. As the European project was largely perceived as "foreign policy", parliamentary involvement was perceived as not as relevant compared to other policy areas (Maurer, Wessels 2001a, p. 429). Although considerable policy areas were Europeanized, member states were still in the driving seats of integration as only very few policy sectors were decided upon collectively. The principle of unanimity inside the Council ensured that national parliaments had the opportunity to veto precise policy decisions in representing their constituencies and fulfilling their national oversight and control function towards their government. Therefore there was no overarching need to "parliamentarize" the European Communities on a supranational level as the representative relationship was assured through national parliaments.[59] However, in symbolic terms, the creation of a parliamentary assembly was a significant and unique political symbol, as the mobilization of political elites towards the creation of the EU institutions relentlessly affirmed that

> "political power should be based on parliamentary representation, that neither bureaucratic nor judicial power should be freed from parliamentary scrutiny, that no military power should ever exist without parliamentary control, in sum that the source of legitimacy ultimately lied in universal suffrage including at the supranational level), whereas economic or bureaucratic or academic or military elites concurred in defending other types of representativeness or competence or function." (Cohen 2011, p. 336)

At the same time, intergovernmental structures were equally widened, creating a concomitant institutionalization and deepening of both electoral and territorial representative structures which characterizes the European Union until today. From this logic, every integration step since the 1950s not only resulted in greater competences for the parliamentary assembly but also further institutionalized the predominance of decision-making powers of member states representatives. From the parliamentary angle, the European Parliament has "undergone a remarkable process of institutional empowerment" (Rittberger 2012, p. 18) from the rather modest beginnings as an Assembly composed of national parliamentarians. Every further major integration step coincided with a strengthening of the EP's position in the EU's institutional architecture.[60] This can not only be explained by the clever and arduous fight of the parliamentarians for more institutional powers

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[57] However, this consultative function was construed extensively by the Member States, which is why the Assembly was granted a consultative role in most policy issues from the very start.

[58] Chapter II, Treaty establishing the European Coal and Steel Community, Paris, 18 April 1951. http://www.cvce.eu/obj/treaty_establishing_the_european_coal_and_steel_community_paris_18_april_1951-en-11a21305-941e-49d7-a171-ed5be548cd58.html (accessed: 19.11.2016), see also: Knipping 2005

[59] Furthermore the integration project more generally was regarded as a project between states elites and not as a citizens' project.

[60] Until the 2014 introduction of the Banking Union which is described as a major step of supranational integration which however does not entail a further transfer of power to the European Parliament.

but also by the institutional structures and political culture itself which inherently linked political power with the inclusion and oversight of parliamentary representative bodies. Therefore, every move towards a deepening of the European project was perceived as naturally needing an increased parliamentary involvement.

Today, the formal participation rights of the European Parliament – at least in the case of the Ordinary Legislative Procedure – are comparable to its national counterparts.

> "Equipped with a trias of control, budgetary and legislative powers, it can be hardly controversial to claim that - in terms of its powers and functions - the EP resembles NPs more than its international counterparts" (Rittberger 2005, p. 2).

Due its increase of formal powers, the European Parliament increasingly stressed the importance of it representing the European citizens (a European demos). The EP perceived its role as being a fully-fledged EU representative parliamentary institution. However, with the fundamental deepening of the integration process with the Treaty of Maastricht in 1992, and the sceptic referenda in the Netherlands and Denmark not only the legitimacy of the EU problem-solving capacity was increasingly questioned. Furthermore, an understanding rose that the European Parliament might not be able to fill the place of a "real" parliament in the near future in order to cater for the publicly perceived democratic shortcomings (Auel, Raunio 2012b; Katz, Wessels 1999, pp. 4–5).

Due to these doubts regarding supranational institutions of parliamentary representation, "national representative institutions are back in the game" (Bellamy, Kröger 2012, p. 42). From the Maastricht Treaty onwards both political and academic debates centrally evolved around national parliamentary institutions which is formally reflected in the EU Treaties ever since. Until then, national parliaments largely did not matter in the European integration which is why they have often been described as "losers" or "latecomers" (Maurer, Wessels 2001b), or even as "victims of European integration" (O'Brennan, Raunio 2007). This picture of NPs, however, has not been attributed to national parliaments because of the empowerment of the European Parliament but was more generally due to the development of the European Union. The EU departed from an intergovernmental project where member states' remained in the driving seats of legislative decision-making and slowly but surely evolved in that is nowadays called a "sui generis" political system where the legislative process resembles rather that of federal states, as more and more policy areas are covered by a Qualified Majority Vote (QMV) in the Council. This process of integration had two implications for national parliaments: On the one hand policy areas were Europeanized and are therefore withdrawn from the national regulatory scope. On the other hand due to the decision-making process at the EU level characterized by an increased number of issues decided under QMV, member states could be outvoted and national parliaments lost their direct control function on European decision-making as drafting a clear mandate for their national governments does not constitute a veto position. Combined with the political sentiment of a European Parliament being too far away from "the people", national parliaments regained attractiveness.

In 2009, the Treaty of Lisbon, for the first, time acknowledged the political role of national parliaments in the European Union in its main text – both with regard to controlling their national government but also as actively participating institutions in the EU policy cycle. This happened also due to the insight that

> "national parliaments are the institutional backbone of any proper working democracy. They are the mediating link between government and citizens and carry much of the burden of safeguarding responsible and responsive governance." (Neyer 2012, p. 43)

National parliaments are supposed to ensure that the principle of subsidiarity is respected in legislation (Art. 5 TEU). Also, they hold their government accountable (Art. 10 TEU) and contribute to the "good functioning" of the European Union (Art. 12 TEU). More precise tasks and procedures can be found in two protocols to the Treaty regarding the role of national parliaments in the EU and the principle of subsidiarity. The first protocol[61] gives national parliaments far-reaching information rights from the side of the EU institutions, for example to be informed of any legislative proposals eight weeks before the first debate in the Council (Art. 4, Protocol No. 1). The protocol on subsidiarity,[62] furthermore, introduces the "Early Warning Mechanism" (EWM) through which national parliaments for the first time dispose of an ex ante veto position in the European Union.[63] Therefore, the parliamentary inclusion as it was furthered with the Lisbon Treaty mostly focused on the information rights of national parliaments and their direct control of the subsidiarity principle.

The involvement of national and supranational parliamentary bodies in EU affairs did not take place at the same time but rather reflects waves of parliamentary involvement, with a more direct and central inclusion of national parliaments in the EU policy process as representing the most recent reforms. The overall development of parliamentary institutions in the European Union therefore reflects the ambivalence between national and supranational institutions of electoral representation. This ambivalence reflects the unfinished nature of European integration where both national and supranational parliamentary actors play a vital, functional role in the representative process, as processes of de-parliamentarisation and re-parliamentarisation have touched both parliamentary institutions.

5.2 The European Parliament and the Bundestag in the EU Political Process

Nowadays both the European Parliament and national parliaments play a functional role in the EU policy process as they are acknowledged as being important parliamentary representative institutions. In the following the two bodies will be looked at in a more detailed manner. Both institutions have diverging functions within the EU representative system, however, the analysis will jointly look at both parliamentary institutions in order to contribute to a more holistic analysis of parliamentary representation in the European Union. Following the conceptual foundations of parliamentary representation in chapter 2, emphasis will be put both on the formal embeddedness in terms of the parliamentary functions performed but also look at parliamentary practices and the overall position of parliamentary actors in the EU multi-level political system.

5.2.1 Parliamentary functions in the EU Policy Process

Research on parliamentary function has been long-standing and diverse. Many typologies have been created to grasp the main functions of parliaments in the political system. These vary between

[61] Protocol No.1 on the Role of National Parliaments in the European Union.

[62] Protocol No. 2 on the Application of the Principle of Subsidiarity and Proportionality

[63] The EWM states more precisely that of a number of NPs voice their reasoned opinions on perceived breach of the subsidiarity principle, the legislative draft of the European Commission needs to be reconsidered up to the right of national parliaments to call the ECJ in case of major subsidiarity concerns (Art. 8, Protocol No. 2).

three (Loewenberg, Patterson 1979) and seven (Steffani 1979) functions of parliamentary performance Most generally, parliamentary function can be summarized by four major categories that are mentioned in one way or another in all function catalogues: (1) elective function; (2) policy-making function; (3) control function; and (4) communication function. In the following it is the latter three functions that play an important role in light of the budgetary process and will be looked upon more closely.

As what regards the EP's **policy-making** function, it is quantitatively heavily influencing EU legislation. In the 7th parliamentary term (2009-2014) the EP acted as an equal co-legislator in 89% of a totality of 658 legislative procedures the European Parliament was included in (European Parliament 2014a, p. 3). However, there are fields of delegated legislation where the EP is not included at all, which is leaving around 30% of all EU legislation out of the hand of the parliament (Maurer 2012, pp. 138–141).[64] In this context a symbolically important step was to rename the co-decision procedure as "Ordinary Legislative Procedure" (Art. 289; 294 TFEU) and to define it as the common law-making procedure.[65] Nevertheless, "the policy influence wielded by the EP is surely greater than that of most national chambers in the EU" (2000, pp. 238–239; cited in Rittberger 2005, p. 3) which is leading to the assessment that "the EP deserves to be ranked at least towards the upper end of the category 'policy influencer'" (ibid.). Towards the Council, the European Parliament disposes of close negotiation contacts as most EU legislation is concluded in so-called Early Readings after the 1st reading in the trilogue process that consists of multiple informal negotiation rounds between representatives of the European Parliament and the Council.[66] As these negotiations take place behind closed doors and without a publication of minutes, it is rather hard to assess the overall position between the EU's two legislative bodies towards each other (Rasmussen, Reh 2013; Burns et al. 2013).[67] Given the "unfinished nature" of the European integration process, the European Parliament also still is an "unfinished institution" as what regards the powers, the EP would like to acquire.

The policy making function of national parliaments – in contrast to the European Parliament – is far less distinct. NPs do not dispose of a clear-cut policy-making function on the EU level, however, they increasingly dispose of tools that enable them to influence legislation. This is also in the spirit of the Lisbon Treaty where it is laid down that national parliaments should "contribute

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[64] Albeit being centrally involved in most EU legislation, weaknesses of the EP's policy-making function remain: I.e. the EP does not dispose of a fully-fledged right of initiative. Although it does dispose of a right to request legislation from the Commission (Art. 225 TFEU) and is furthermore able to conduct "Own Initiative Reports" that set the agenda and force the Commission to react upon.

[65] In those areas where the EP is involved, it has a strong bargaining position. However, the co-decision procedure also led to an increase of informal decision-making between the EP and the Council where the EP endorsed informal governance practices that are mostly represented by early conclusions in the trilogue procedure of legislation (Rasmussen, Reh 2013; Reh et al. 2013) which casts a dark shadow on the openness of parliamentary democracy in the EU.

[66] Between 2009 and 2014 out of 488 co-decision files, 415 (85 per cent) were concluded after the 1st reading in parliament, significantly increasing the speed of decision-making at the cost of transparency and accountability European Parliament 2014a, p. 8

[67] It has been found that although the Parliament is strengthened towards the Commission in policy-making, the Council still holds bargaining advantages over the EP. This is explained by the fact that the Council profits more from policy decisions that are status quo oriented than the European Parliament Costello, Thomson 2013. Also, the EP indeed has an effect on the Council in co-decisions in terms of the dimension of politicization of its decision-making: It has been shown that the EP involvement increases the probability of ministerial involvement significantly the EU policy process Häge 2011, p. 42.

actively to the good functioning of the Union" (Art. 12 TEU) and should "express their views on draft legislative acts" (Protocol No. 1, TEU). The most prominent measure of a direct national parliamentary policy influencing tool is the subsidiarity control mechanism which has been equally established with the Treaty of Lisbon. It is a tool of both ex ante and ex post policy influence as parliaments can affect the outcome of legislation by using subsidiarity checks and complaints. In this respect, they became the "watchdogs" (Sprungk 2011, p. 213) or "gatekeepers" (Raunio 2011) of integration. These tools are designed to enable NPs to get in the way of legislation by complaining about failed measures of subsidiarity. They therefore rather depict a negative tool of policy influence. The scope of the subsidiarity control-induced influence on the EU policy process is still heatedly debated between those that regard the subsidiarity control as a first step of national parliaments being a "virtual third chamber" (Cooper 2012) in EU politics and those that argue that the EWM only amounts to a "window dressing" towards national parliaments (Buzogàny 2013, p. 32). Until now only three legislative proposals triggered the "yellow card" procedure,[68] rather hinting towards the latter position of a tool which is not properly used by NPs.[69] Next to subsidiarity complaints, NPs can express their views directly on the EU-level in the framework of the "Political Dialogue" since 2006 that aims at enabling national parliaments to share their views with the EU Commission early on in the policy process independently from subsidiarity complaints (European Commission 2013). The Political Dialogue exhibits a sharp increase of contacts and opinions in the past years and reflect the mounting interest of national parliaments in influencing policy-making already in the agenda-setting phase (European Commission 2013; European Commission 2015a; Preising 2011, pp. 153–154).[70]

On the national level, national parliaments are indirectly embedded in EU legislation, as they scrutinize their government and are able to influence implementing legislation or even dispose of a veto power in some policy areas such as the vote on the Own Resources Decision[71] that are decided in the Council. In this respect, the German Bundestag that has the right to issue a position that is de facto binding for the German government in the Council negotiations (Schäfer, Schulz 2013a; Schröder 2012). All in all, national parliaments thus dispose of rather modest possibilities to directly influence EU policy-making as they are bound to either influence their national government's position which is up for negotiation inside the Council, or its directly exchanges with the European Commission in the case of the Early Warning or Political Dialogue in order to influence legislation on the European level.

The parliamentary **control function**, is important to conduct oversight of the government. In order to do this, disposing of the necessary information is particularly crucial, as members of

[68] The 'Monti II'-regulation on the freedom of establishment and the freedom to provide services received a total of 12 subsidiarity complaints from national parliaments in 2012 Piedrafita 2013, p. 4; the regulation on the establishment of the European Public Prosecutor's Office European Commission 2015b; and most recently the revision of the Posted Workers Directive reached the threshold Kreilinger 2016.

[69] In this context it has also been noted that so far the EWS has been often used as a political tool due to the lack of other formal procedures national parliaments can exert political pressure on the EU level Becker 2013. Therefore, the question arises whether the EWS is rather a tool of preventing legislation.

[70] The recent academic and political discussion proposed the inclusion of a "green card" for a proactive involvement of national parliaments in order to introduce initiatives to the European Commission thus enlarging the political dialogue towards a national parliamentary agenda-setting function. For an overview see: Borońska-Hryniewiecka 2015.

[71] A parliamentary veto regards i.a. the Own Resouces Decision (Art. 311 TFEU), the accession of new member states (Art. 49 TEU) and Treaty revisions (Art. 48 TEU).

parliaments can only perform an effective control if they have the information needed to do so (Steffani 1989, p. 1331). In this respect information rights are closely connected to the control function of parliaments in modern political systems.

The European Parliament has the competence to formally act on the Commission in order to change its political direction. Measures such as the right of approval (Art. 17(7) TEU); vote of no confidence (Art. 234 TFEU); questioning the Commission and obtaining information (Art. 230 TFEU) and forming committees of inquiry (Art. 226 TFEU) represent measures to hold the Commission accountable, gain information and control its executive actions. These are largely inspired by national procedures of parliamentary control. Contrarily to national patterns of parliamentary control, the Commission, here understood in terms of a European government, is not politically mirrored in the parliament's majority, which is why control is exercised by changing coalitions and there is no political control in the national sense of a party-political control.[72] But as the Commission is not a centralized government institution, many implementing measures are executed by national executives or outside agencies that are not covered by the EPs parliamentary control functions. Here, the EP has only very few formal rights to scrutinize the member states institutions (the European Council or the Council).

The national parliamentary control function is directed to the national level, therefore the responsibility to conduct a parliamentary control the Council rests on national parliaments. This is also the spirit of the Lisbon reforms where the strengthened role of national parliaments should render national governments more accountable for what they decide in EU affairs(Maurer, Wessels 2001a, p. 475). This formal strengthening in terms of a proper control is due to the informational asymmetries that structurally exist between governments and parliaments, as parliaments are dependent on the information the government provides them with (Abels 2013, p. 86; Holzhacker 2005). This is of particular importance in the EU where the information asymmetry between NPs and their executives is even wider than on the national level (Bellamy, Kröger 2012, p. 53). Lowering the asymmetry between the government and the parliament was thus the main emphasis of the national parliamentary inclusion in EU affairs in order for NPs to have the means and the opportunity for conducting control (Buzogàny 2013, p. 22).

In order to reduce the information deficit, parliamentary information rights have been substantially expanded. Today, all legislative documents (drafts included) have to be sent to the NPs directly and as early as possible and gives them eight weeks to react to draft legislative acts before being first debated in the Council (Protocol No. 1, TEU). Also, and in order to process information coming from the EU level or national governments, all national parliaments dispose of committees in charge of European affairs which build EU expertise inside the parliaments. In these committees, MPs can hold their national ministers accountable and try to influence cabinets' position and hence the national position, depending on the respective powers and set-up of the committee (Bergman 2000, p. 417). In recent years, the quest for information and knowledge to effectively control the executives has been further strengthened, as many parliaments now dispose of more efficient information processing and own channels of information in Brussels in order to keep "their" MPs informed (Abels 2013, p. 89). The parliamentary control function on the national level thus enables parliaments to exert policy influence. Control in this sense gives parliaments the means for indirectly influencing policies and granting them access to information resources. In this respect,

[72] Nevertheless, the European Commission is collectively accountable to parliament Verhey et al. 2008, p. 309.

the TEU furthered two strands in the EU multi-level system: the NPs gain information to positions and resources from their national governments and have the opportunity to impact on subsidiarity measures on the supranational level, while the European Parliament has information and control rights towards the Commission.

For the Bundestag, the German constitution disposes of a strong European impetus that also emphasizes the Bundestag's role in the European integration (Art. 23 GG). Generally, it is a rather strong parliament in terms of its position inside the German political system and with regard to its inclusion within the EU political system (i.a. Maurer, Wessels 2001a, pp. 461–464; Karlas 2012, pp. 1103–1104; Buzogàny 2013, p. 24). The Bundestag's control function towards the government is formally shaped by three overarching aspects: First, the *information* of the whole chamber as *early as possible* by the government (Art. 23 (2) GG). Through this early information process, actions of the German government should be open for parliamentary control along every institutional step of the EU policy process (Beichelt 2009, p. 248). Second, the Bundestag has the ability to issue a *parliamentary position* on specific policy issues towards the government (Art. 23 (3) GG), as well as, thirdly, this position needs to be *considered* by the federal government in their negation position in the Council – thus impacting on the policy-influencing position of the Bundestag. Although this parliamentary position is not legally binding for governmental actors, it is de facto politically binding. In its factual oversight and control function, the Bundestag largely works on a document based scrutiny which takes place early in the process instead of mandating the government to specific positions which can be explained by the close connection between the parliamentary majority and the government (Buzogàny 2013, p. 26).

As being a parliamentary system, the German political system is characterized by a strong sense of "generalized trust" (Beichelt 2009, p. 250). In this respect, the government and its parliamentary majority need to be somehow counted as one actor, as the majority supports the actions of the government and will influence decision-making rather informally than openly using formal parliamentary control mechanisms. This also impedes on the right to draft a parliamentary statement in EU affairs which is used only reluctantly by the Bundestag and only in those cases where the governmental position should be strengthened. Since this de facto binding statement leaves the government with less room for maneuver in the Council negotiations, the Bundestag majority is rather hesitant to use this control tool (Auel 2006).[73] Therefore, the Constitutional Court has been an important institutional actor to support the Bundestag in the integration process and to further its institutional position against the "generalized trust" towards the government. This has been most prominently underlined in the Court's Lisbon ruling ((Federal Constitutional Court of Germany (BVerfG), of 6/30/2009); (Calliess 2009)) and further rulings in the context of the Eurocrisis where the Bundestag was forced to further its institutional position vis-à-vis the government ((Waldhoff 2015); (BVerfGE 131S. 151))

From the overall structure of parliamentary control in the EU multi-level system follows that, although being individually accountable to their national parliaments as a collective body, the Council is not formally controlled and parliamentary accountable (Nugent 2010, p. 189; Dreischer

[73] However, the generalized trust also has its limits: In the heyday of the Eurocrisis, the German government wanted to exclude the Bundestag from its information rights in the intergovernmental ESM-Treaty in claiming they would not be covered by the EUZBBG as those were not European Union related issues. Here, again, the Constitutional Court had to intervene in order to safeguard the Bundestag's information rights also in those intergovernmental areas that are closely related to the European Union.

2003, pp. 230–237). Same holds for the European Council. Therefore, although being subject to national parliamentary control there are no supranational parliamentary oversight mechanisms in place. National parliamentary control, furthermore, faces some obstacles: First, in parliamentary political systems, the proper control function is only exerted by opposition parties as the parliamentary majority generally supports the government. Second, a proper control of the Council's package deals that are negotiated between 28 national interests (for instance through an ex ante mandating) is often not feasible. Third, NPs often do not possess enough resources to master the amount of information transferred from EU institutions and national governments (Schmid 2013, pp. 359–360). Overall, the European Parliament and national parliaments dispose of diverging addressees for their control function. While the EP holds powerful tools for control and oversight towards the European Commission, the control function of national parliaments – apart from the Early Warning-procedure – is mainly directed towards the national governments.

Finally, the **communicative function** of parliaments is closely connected other parliamentary functions and reflects the major external representative function to communicate political decisions to the public. Here again, a diverging set of constraints exists on the national and supranational parliamentary level. Overall, EU affairs generally have less recognition from the side of the citizens (the weak voter turnout being one of the most obvious signs; Wilde 2013). This coincides with considerably less media attention further aggravating the problem of an overall weak representative link between EU affairs and the European citizens.[74]

For the European Parliament, the direct communication of its actions and of the positions of its members is particularly challenging as the territorial link established between voters and their representatives is less distinct since constituencies are much bigger than in the national parliamentary arena. Also, European elections are conducted due to proportional representation through party lists which renders a direct representative link more distant. The public communication efforts of the European Parliament most often lack a broader media attention which is leading to less public interest in matters related to EP debates. Therefore, the EP's public engagement is perceived as being "unknown by electors and ignored by many national politicians" (Kauppi 2013, p. 199). However, in its external representative function, the European Parliament does not only address itself to its electorate or the general public. Due to the structure of the parliamentary system, a third important communicative function of the EP is directed to its own national party. In this respect, members of the European Parliament also target their communicative actions at their national parties in order to increase their chance of being re-elected on the relevant party lists (Slapin, Proksch 2010). The EP thus not only has to direct its communicative actions to their electorate and their EP party group but it also has to communicative to its "home party".

Overall, the lack of its public visibility might also be due to the overall structure of parliamentary representation inside the European Parliament, as the EP does not need to support a European government, communicative actions lack a distinction between government and opposition and therefore distinction between party groups are less visible – both for media and for the electorate.

National parliaments, use the communicative function to inform the public on discussions and politics inside the Council or European Council and to trigger debates inside the national political systems (Benz, Broschek 2010, p. 3). Overall, the communicative function of national parliaments

[74] For an overview see:Neyer 2012; Hix 2008.

is higher than that of the European Parliament. National parliaments are – due to the smaller sizes of their constituencies – closer to the citizens than their European counterparts, and debates in the Bundestag still receive more public and media attention than those in the European Parliament.[75] This hence enables more direct contacts with the constituency in informing on EU affairs, leaving national parliamentary in theory as the more suited parliamentary level to "communicate Europe" (Neyer 2012, pp. 38–43). In practice, however, this communicative function on EU matters is only rarely assumed by national parliamentarians as national politics is more rewarding in terms of political communication, media attention that EU affairs – also because EU politics generally have a lower electoral salience – not only in Germany (Auel 2006).

Nevertheless, debates on EU issues do take place in the German parliament. Recent research has shown that between 2002 and 2009 approximately 20 per cent of debates in the German Bundestag have had a focus on EU issues. After 2009 this share has even reached over 30 per cent (Auel, Raunio 2012a, p. 68) – which is also among the highest share in national parliaments (ibid).[76] This is also due to the institutional structures that guide policy-making and the debating function of the Bundestag, as every policy is debated several times in the chamber – usually before and after the committee phase. Furthermore, a government declaration and consequent debate takes place in advance of every meeting of the European Council.[77] Although EU affairs are often decided by a huge pro-European majority in plenary (Höing 2015; Beichelt 2012), there is nevertheless a politicization of parliamentary debates and discourses. Instead of being present along a left-right cleavages, political divergences reflect the different conceptions towards the European Union. Party conflict is less politicized and thus gives rise to broader question of the Union's overall legitimacy and the role of the German parliament therein (Barnickel 2012 see also Beichelt, Kietz 2014).[78] In this respect, the politicization of parliamentary debates takes a form which is different from the classical party-political cleavages as most positions are not defended by one specific party but spans party lines.

Taken together, the communicative functions of NPs and the EP together leaves the parliamentary communication function rather poorly reflected in EU affairs. In both cases, the institutional setting of EU affairs makes it harder to communicate parliamentary actions towards the general public: While national parliaments most often dispose of cleavages diverging from the traditional left-right divide inside parliament, the European Parliament equally does not dispose of clear coalitions making political positions attributable to either coalition. The EP furthermore disposes of the structural problem to effectively communicate to its electorate due to a feeble territorial anchorage and also has to take into account their national party's and EP party group's positions as target for its representative communication.

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[75] However, these media representations often reinforce traditional views on economics, politics, and society and the popular belief that a national government is better than the EU for solving society's problems Menéndez Alarcón, Antonio V. 2010.

[76] At least in comparison with the Danish, British and French parliament as was done in the paper by Raunio and Auel (2012).

[77] Until the 15th legislative period, European Council meetings were debated ex post, but since then they have been held before the meetings of the Heads of State and Government.

[78] These debates range from the role of the Bundestag as sovereign institution to rescue the EU parliamentary democracy to the position of a dual legitimation of the EU political system or the strengthening of parliamentary actors over executive ones (ibid).

5.2.2 Parliamentary Practices

Overall, parliaments are characterized by a strong diversity of its members that ideal-typically represent a broad range of the territory they are elected in. This diversity also has its institutional place inside parliamentary institutions, where MPs are organized both in terms of their electoral, party-political affiliation, but are also often grouped informally in terms of their territorial provenience as regional groupings within parliament. The following part aims to take into account practices of parliamentary actors both on an overall institutional level and with regard to the individual practices in representative politics in the respective political systems. MEPs and MdBs attach similar value to their parliamentary work: In their perception, Members of the European Parliament and Members of the Bundestag regard their legislative and oversight functions as being most important in their daily work as representatives (Schüttemeyer, Siefken 2008, p. 488; Wessels 2005, p. 450; Scully, Farrell 2003, p. 273). Both parliamentary levels thus share the perception that controlling the government and impacting on policies is of major importance to their parliamentary representative work.

Despite these similarities in the representative perceptions, national and supranational parliamentary systems differ in terms of the composition of its members which has an influence on the parliamentary practices within the respective bodies: Members of the Bundestag come from an integrated national party system – although its members are elected through federal electoral lists – and represent their voters in a stable configuration of majority and opposition within the Bundestag. In the European Parliament, members come from very different political systems, party systems and parliamentary cultures as elections are conducted through national party lists.[79] Despite this wide range of party-political representation, MEPs are united in overarching party groups that exert an increasing influence in the internal cohesion of the EP – although there is no governmental majority in the Commission to support or attack, and thus no stable coalition inside the EP (Hix, Høyland 2011, p. 59). However, within this dual cohesion between the national party affiliation and European party groups inside the EP, the EU's territorial cohesion in terms of the EP's party group cohesion is more relevant than national provenience (Kreppel 2000; for the German case see also: Ondarza, Kietz 2014).[80] Conflicts inside the European Parliament in this respect mainly evolve around party-political cleavages and socio-economic conflicts and are not based on territorial issues which give the party groups an important position in steering parliamentary debate and positions inside parliament.

As the European Parliament is relatively independent with regard to the European Commission, it can pursue its own positions, procedures and initiatives. Therefore, the EP is more in the position of a "legislature" in the US-American sense of the word which underlines its legislating, policy-making functions but also its perception as being an independent institution. This perception of being an independent institution serving the interest of the EU citizens goes together with its institutional self-interest in the political process where the more general interest has been that of "no integration without (parliamentary, LS) representation" (Rittberger 2012, p. 31). The parliament underlined its interest of being strengthened with every integration step in order to legitimately represent the European citizens. Therefore, the diversity among MEPs in terms of

[79] The 7th European Parliament consists of 195 national parties. Europe Decides (2014): Results – country-by-country overview, http://europedecides.eu/results/ country-by-country-overview/ (accessed 19.11.2016).

[80] The analysis of recorded votes from 1979 to 2004 by Hix, Noury and Roland 2007 show that voting has become increasingly structured around political party lines and not nationalities.

their party-political and territorial affiliation is corrected by an overarching political focus that unites the great majority of MEP's around the aim of favoring the European integration process as a whole – also because through this, MEPs also strengthen the EP as a representative institution.

Because of its historical development, the European Parliament as an institution supported "integrationist stances" from the beginning of the integration process. In many legislative or budgetary issues, a common parliamentary interest in increasing the powers of the EP can thus be witnessed.

> "On many issues, the European Parliament behaves as if it were a single actor seeking to promote its own powers and interests against the interests of the second legislative chamber in the EU (the Council) or against the holders of executive powers (the Commission)" (Hix, Høyland 2011, p. 59).

The lack of party-political conflict between government and opposition parties has thus been traded by the EP for a political conflict over "more" versus "less" integration with other EU institutions, a conflict which is most notably fought with the Council. In this line, the informal expansion of its formal rights came to a new high with the successful "Spitzenkandidaten" process after the European elections in 2014. The informal expansion of the EP's investiture function of the Commission's President was only possible in the univocal support of all pro-European party groups against the position of the (European) Council.[81] In its position as a parliamentary actor, the European Parliament is thus not only a legislator, but also a motor for institutional change in the integration process. A development which is not replacing but adding to the classical left-right cleavages inside parliament, as it has been equally shown that the cohesion among party groups is increasingly high and stable (Hix, Høyland 2011, p. 59; Ondarza, Kietz 2014). Therefore, the EP's political emphasis is both marked by an overarching institutional quest uniting most of the political groups and classical party-political cleavages between the EP's party groups.

Inside the German Bundestag party group cleavages remain at the center of parliamentary practices. However, in EU affairs the party group divergences have been to some extent replaced by cleavages of being in favor of EU integration or critical of it. Overall, the Bundestag is characterized by a strong pro-European orientation regarding EU affairs which goes beyond party-lines. Nevertheless, looking at the Bundestag's handling of EU affairs both divergences between majority and opposition and between "Europeanists" and other Members of Parliament have to be taken into account: Due to the structure of parliamentary government, majority and opposition MdBs dispose of diverging practices inside parliament and in relation to the government. While members of the majority are rather close and supportive to the government, opposition MdBs stress the formal control and oversight function of the government. However, the divergences between majority and opposition MdBs is not as distinct as it is the case in national politics. Due to the intergovernmental nature of EU affairs, especially higher party ranks anticipate their potential to govern and the need to then defend policy choices by former governments abroad which is why the level of cooperation and orientation towards executive actors might be greater than in other dossiers (Calliess, Beichelt 2013, pp. 28–29). Also because EU affairs are often equally framed in matters of national interests. This orientation, however, might be in the process of being attenuated by the intensification of party-political on the EU level such as regular meetings of the EU party leaders before EU Councils and the steep increase of top political meetings between national parliamentary and executive actors (Schulz, Broich 2013). EU affairs thus dispose of a double-

[81] On the EPs informal self-empowerment: Dreischer 2003, pp. 225–230; Nugent 2010, pp. 186–188; Crum 2012. On the "Spitzenkandidaten" process: Piedrafita, Renman 2014; Shackleton 2014.

headed nature where both party-politics are actively pursued while at the same time national interests are defended on a larger scale and beyond party-politics.

As both institutions can be counted as working parliaments, the bulk of the parliamentary work inside the European Parliament and the German Bundestag takes place inside the committees, where the composition of parliament is mirrored. The European Parliament disposes of strong committees whose seats are attributed according to a party-group logic and to the nationalities represented (European Parliament 2014c, pp. Rule 198; Nugent 2010, p. 202). In terms of these working practices, the procedures inside the European Parliament developed rather similar to those of national parliaments and the German Bundestag more specifically: The committees have developed as means of specialization and recruitment (Bache et al. 2011, p. 303). The principles underlying these recruitment processes follow a merit-based approach and it has been demonstrated that influential positions – same as in national parliaments – are i.a. distributed along the principle of seniority and achievement (Beauvallet, Michon 2012, p. 37). In this respect, a long-term dedication inside the EP's legislative work is rewarded with a chair of important committees or a position as a party group leader (Bache et al. 2011, p. 308).

Inside the Bundestag, the EU affairs committee (EAC) is at the center of the Bundestag's EU-induced work. The horizontal committee on EU affairs is one of four committees that disposes of a constitutional position (Art. 45 GG).[82] Furthermore, it has a specific position as it "may exercise the rights of the Bundestag under Article 23 vis-à-vis the Federal Government" (Art. 45 GG).[83] With a totality of 35 MdBs and 16 MEPs (the latter without voting power), the EU affairs committee is one of the largest committee in the Bundestag. It is a classical cross-sectional committee where questions of principle (such as enlargement, Treaty revisions etc.) are discussed leadingly, while sectoral policy decisions are mostly dealt with by the technical committees. Here, the definition of tasks and diverging interests between the EAC and the sectoral committees often remains a matter for discussion (Calliess, Beichelt 2015, p. 207; Waldhoff 2015). The EAC is therefore mostly discussing major lines of integration and is in this respect characterized by a largely pro-European, consensus-oriented perspective (Töller 2006, p. 15).

On the individual level, the EPs position as a construction site of integration and institution-building, led to novel perceptions on the role of the EP and its members in the policy process. MEPs can thus be described as a new type of politician who can be contrasted with both the traditional nationally-elected or international politician that is appointed to an international organization, as parliamentarians are split between their national and the EU political system (Abélès 1992). This split is due to the fact that MEPs need to be constantly present on two fronts: On the one hand they have to pursue their national, party-political career in order to secure their national candidacy for the European Parliament election lists which means that they have to endorse national interests and need to integrate into the national party in order to be forwarded to these lists. On the other hand, working in the European Parliament demands from MEPs to follow the internal working logics of the parliament in order to advance one's position inside the European Parliament and thus to focus on EU-wide interests. This double affiliation is leading to double-

[82] The other constitutionally named committees are the committees for external affairs, defense and petitions.
[83] If the committee is authorized by the chamber to do so.

faced discussions and even opposing expectations towards MEPs from the respective political levels (Beauvallet, Michon 2010, p. 224; Beauvallet, Michon 2012, pp. 13–15).[84]

Despite the double game needed to provide for a career inside the European Parliament, MEPs dispose of considerable tools of independence from their national parties. Although there are the national delegations inside the EP's party groups that harmonize their positions before group meetings and that are – at least for the bigger party groups – important venues for coordination, national parties have limited possibilities of control over the EP party groups. This has been documented by a significant increase of cohesion in party group votes in the past decade (Hix et al. 2007).[85] This can be attributed to an interlocking of several factors: First the European political sphere is still not regarded as an important political arena by many national politicians. Consequently many MEPs view themselves as peripheral in their own parties (Bache et al. 2011, pp. 303–305), which is leading to a more feeble interest of MEPs to get involved in national party politics. Also, the European Parliament is increasingly regarded as a career path in its own right in opposition to a national political career (Beauvallet 2007; Beauvallet, Michon 2012, p. 21) which leads to a political socialization inside the European Parliament instead of in the national political arena.[86] Finally, the creation of party groups and the attached EP funding creates clear incentives for a shift from a national towards a European focus of political action. This overlap between EU and national parliamentary spheres and the double game expected from MEPs also has repercussions on the roles of parliamentary actors: The self-perception of MEPs concerning their representative functions within the multi-level environment shows that fellow nationals and voters for a MEP's party are the most important points of reference for MEPs in their representative choices. Representing the EP party group, contrarily, is of less importance – although these priorities are rather close together (Scully, Farrell 2003, p. 272). This underlines the perspective that MEPs view themselves as "'agents' with important responsibilities to represent multiple 'principals'" (Scully, Farrell 2003, p. 272).

In terms of its representative practices, Members of the Bundestag are generally centered on their constituency in the self-perception of their tasks and duties (Wessels 2005, p. 451). This is certainly grounded in the German system of proportional representation where half of parliaments is directly elected in regional constituencies and the other half through federal electoral lists. Therefore, high relevance is attributed to the work with and towards the citizenry. In the context of EU affairs, however, the rather close representative link does not necessarily imply that EU affairs do play an overarching role in the MdB's representative work. Until today, elections are not won over EU issues but mainly over redistributive affairs that are still largely dealt with at the member states' level. Combined with a low level of media attention for EU issues and the high complexity and abstraction of many popularly debated EU issues, EU affairs generally count among the least "sexy" issues to mention in the constituency (Beichelt 2015; Auel, Raunio 2012b, p. 14; Neyer

[84] This intersection also has an influence on the status order inside the European Parliament, as the political status of a seat in the EP varies from country to country and from political party to political party. I.e. smaller member states attribute more political status to a seat in the European Parliament as bigger member states do, where national elites have more influential voice in the Council than an MEP Kauppi 2013, p. 200.

[85] In Germany, the project "Vote Watch Europe" found a cohesion of party group votes of around 90 per cent in 15 selected policy decisions of the 7th parliamentary term Ondarza, Kietz 2014, p. 11.

[86] This career inside the EU institutions is particularly interesting for those people or groups that are still marginalized in their national political systems such as women, and small or regional parties that do not gain seats in national parliaments due to voting restrictions (Beauvallet, Michon 2012, p. 23; Navarro 2012, p. 195).

2014, p. 133).[87] Correspondingly, a career structure prevails inside the Bundestag that sets weak incentives for MdBs to become actively engaged in EU affairs (Benz, Broschek 2010, p. 4). Thus the representation of EU affairs in terms of "standing for" and "explaining policy" representation is less distinct than in other policy areas in the German parliament. Nevertheless, despite this weak incentives to become involved in EU affairs, inside parliament a number of MdBs dispose of a genuine EU-related policy portfolio and policy-interests.

Institutionally, the EAC is a major hub for EU affairs inside the Bundestag. In terms of the parliamentary hierarchy, however, the EU Affairs Committee counts among the less prestigious committees in the German Bundestag (Calliess, Beichelt 2015, pp. 200–210). To many MdBs it serves as a stepping stone in order to achieve a name or a better position inside the parliament. But the committee also attracts those convinced "Europeanists" for whom the work for EU issues is perceived as a goal as such. Although the EU affairs committee is consulted in most EU related policy issues and is in charge of those dossiers that relate to EU-enlargement, Treaty revisions comprehensive EU-related acts, it does not necessarily hold an interpretive authority in EU affairs. Parliamentarians from specialized committees are more often in charge of EU-related legislation (Höing 2015, p. 196) and they are often more influential and as a matter of their institutional position inside the Bundestag advocate for a more national and/or party-politically centered view on European policy issues. Which is weakening the overall position of the EU affairs and a "European" perspective in the Bundestag.[88]

Inside the European Parliament, interests towards the broader career aims are equally divided. While some regard the work in the national constituency and inside the national party as more important, others clearly pursue a European career choice in order to gain recognition inside the parliament and the EU institutions (Navarro 2012).[89] These representative choices are both due to individual career choices and to individual perspectives of the parliamentarians. Therefore, the MEPs' practices of representation can be described both by those of a political entrepreneur that needs to play on both political levels while acting as a "normal" representative actor within the EU policy cycle.

Both the European Parliament and the Bundestag are characterized by parliamentary practices that are centered on the committee and on the party-group level. However, party groups inside the European Parliament are more diverse than in the German national context. As party groups have risen in importance inside the European Parliament, both parliamentary institutions representative practices are centered on party-political cleavages. Nevertheless, territorial interests are present inside both institutions: While the EP aims to further its territorial position inside the EU political architecture, the nature of EU affairs inside the Bundestag leads to a governmental support and

[87] Although a change might also be visible here as the Eurocrisis and the European migration politics have underlined that the German citizen's everyday life is strongly connected to European decisions taken.

[88] This question of the MdBs' representative orientation in terms of "national" and "Europeanist" perspectives thus also raises the question whether the rise of national parliamentary influence in EU affairs is increasing the risk of parliamentary participation which is centered on national issues more strongly than on the "European greater good" (for this argument see i.a. Heringa 1994, p. 103; also described as "state-centered EU revisionism" Maurer 2011, p. 48.

[89] In this respect, the MEPs understanding of representation is not depending on their national origins but on future career ambitions (regional/national level vs. European Parliament/EU institutions) and the personal perceptions on EU democracy. To distinguish these roles, Navarro 2012 distinguishes between animators, specialists, intermediaries and outsiders in the EP.

reflection of national interests inside the Bundestag. In its individual practices MEPs act as a channel between the national political system (in which they are formally embedded through their national parties) and the European political system (within which they act as EU representatives). MdBs, similarly dispose of a double-headed nature of representation: They not only reflect their constituency and their party's representative interests, but also represent national interests in EU affairs.

5.3 Vertical embeddedness: Interparliamentary Cooperation

Both the European Parliament and the German Bundestag as single parliamentary institutions, are not able to fulfill all parliamentary functions that are classically assigned to a parliament in a representative, parliamentary system. At the same time, both parliamentary institutions are inherently linked through political parties and play an active role on both governmental levels.[90]

From a normative perspective centered on representative parliamentary government, the question arises whether the linkage of parliamentary actors over governmental levels strengthens the overall parliamentary position in the EU (Marschall 2005a, p. 309). Due to these linkages it is not only the singular parliamentary functions and their performance inside the EU policy process but rather

> "the interplay among institutions and individuals acting in them [that; LS] will determine the performance of parliaments […] in the integration process" (Katz, Wessels 1999, p. 12).

The following part will therefore specifically regard the vertical linkages between national and supranational parliamentary levels in EU affairs. They are both normatively and rationally motivated instruments representative parliamentary actors use to increase their position in the policy process vis-à-vis other institutional actors (Herranz-Surrallés 2014).[91] While the rational perspective emphasizes the necessity for interaction with the respective other parliamentary level in order to better perform the respective parliamentary functions "at home". The normative strand rather asks for the genuine cooperation between parliamentary lebels in order to foster a genuine parliamentary oversight and a better EU democracy founded on parliamentary representation. With the strengthened role of national parliaments, also contacts and networks both on the individual and the institutional level between parliaments have gained importance in the EU policy process (Abels 2013, p. 96).

Interparliamentary cooperation developed according to a rational approach (Neunreither 1994, p. 309): In cooperating with national parliaments, the European Parliament sought a way to enhance its role in the EU legislative process. It thus advocated for ad-hoc means of IPC as it feared an increase of influence by national parliaments if additional formal institutional channels were built (Neunreither 2005, p. 467). But also national parliaments were rather. The beginning of cooperation was therefore characterized by mutual mistrust between the parliamentary bodies. In formal-legal terms, interparliamentary cooperation today disposes of a constitutional status, as

[90] Although this active role on both governmental levels disposes of diverging structural levels: While the Bundestag is active on the EU level due to its formal-functional position in the EU political system according to the Lisbon Treaty, MEPs are active on the national level due to their party-political linkages with the national level due to the EU electoral system.

[91] Interparliamentary cooperation also spans a horizontal level between national parliaments of different EU member states which is, however, not of prime interest to this research question and will thus be only treated marginally.

parliamentary cooperation has been included in the EU's primary law. Art. 12 TEU urges national parliaments to "actively contribute to the good functioning of the European Union" also with regard to interparliamentary cooperation. The coordination of the electoral representative bodies equally did not evolve in a consistent manner which is why a plethora of institutions exist aiming at coordinating electoral representative interests in the EU, building upon a jungle of formal, semi-formal, informal procedures and exchanges (Schulz, Broich 2013, p. 132).

The oldest format of interparliamentary cooperation is the Conference of Speakers of European Parliamentary Assemblies. It meets since 1975 on an annual basis in order to discuss matters of overarching importance to parliamentary institutions (Eppler 2013b, p. 327). Despite its composition of high-level political figures, the conference disposes only of a limited political visibility and impact. Nevertheless, the Conference of the Speakers is the only interparliamentary institution that has the power to take binding decisions (Conference of the Speakers 2010, Article 2; Hefftler, Gattermann 2015, p. 96).

In 1984, the COSAC, the "Conférence des Organes Spécialisés dans les Affaires Communautaires", was set up. Initially called "Assises", the conference between national EACs and the EP was created to include national parliaments in the EU policy sphere and to contribute more generally the parliamentary dimension of the European Union in the negotiations leading to the Maastricht Treaty. Following the signing of the Charter of Paris, where for the first time democratic values were enshrined as EU values, the French president and EuCo-president at that time, Francois Mitterand, pushed for a conference of national parliaments and the EP – although the European Parliament was not particularly amused (Crespo 2012, p. 7). Today, COSAC meets twice a year along the presidency cycles and is composed of up to six delegates from national parliaments and six MEPs. With the Treaty of Lisbon, it was enshrined in EU primary law (Protocol 1 on national parliaments). However, its position in terms of an effective parliamentary coordination is disputed: While some has displayed COSAC as politically insignificant (Schulz, Broich 2013, p. 133), others have found it to be an important forum of informal coordination, i.e. with respect to the Early Warning Mechanism, or regarding COSAC as a "service-institution" for national parliaments (Benz 2011, pp. 9–10; Cooper 2013a).[92] To the politically weak position of COSAC contributes first, that the conference is only able to draft non-binding resolutions.[93] This is due to its consultative function as being a venue to exchange information. Any attempt to change that role into a more political function has been prohibited by some national parliaments and the EP (Ruiz de Garibay, Daniel 2011, p. 4).[94] Furthermore, COSAC disposes of largely diverging participation rates, ranging from two delegates sent from national parliaments to the use of the maximum number of six delegates (Kreilinger 2013, p. 5). This underlines not only differences in the perception of the relevance of COSAC but also diverging political cultures and political systems. Hence, the initial aim of COSAC to strengthen the EU-related work of national parliaments and to enhance

[92] Cooper 2013a traced the process of the first successful yellow card procedure in 2012 to an important COSAC meeting four weeks before the final deadline of the subsidiarity control procedure. However, on a larger, quantitative scale his findings on the centrality of COSAC could not be verified Gattermann, Hefftler 2015.

[93] COSAC "may submit any contribution it deems appropriate for the attention of the European Parliament, the Council and the Commission. […] Contributions from the Conference shall not bind national Parliaments and shall not prejudge their positions." (Art. 10, Protocol No. 1, TEU)

[94] The EP has stated its position most recently in a resolution saying that COSAC should "remain the forum for a regular exchange of views, information and best practice" European Parliament 2014e.

parliamentary democracy through a cooperation of national parliaments did not take strong roots inside this institution (Eppler 2013b, p. 329).

The European Affairs Committees (EACs) also dispose of formal fora of parliamentary exchange. The Bundestag's EAC – as most other national EU committees – is open to Members of the EP. They have the ability to discuss with MdBs on EU affairs and to influence the national parliamentary debate on EU issues. Members of national parliaments, may equally visit EP committees in order to exchange with MEPs on specific issues of concern. However, this possibility is largely unknown and used very sparsely only – at least by German MPs (Schulz, Broich 2013, p. 137). Also the participation of MEPs in the German EAC is rather politically insignificant, as often parliamentary weeks in Berlin and Brussels overlap thus impeding on the opportunity to exchange (ibid).

Next to these exchanges, there is a multitude of further formal Interparliamentary Conferences, Joint Parliamentary Meetings and Interparliamentary Committee Meetings.[95] Most of these exchanges take place on those matters where the EP has the position of a co-legislator and often in early stages of the policy cycle (European Parliament 2014b, p. 5). Furthermore, cooperation takes place mostly in those areas that are focuses around the internal market or budgetary affairs (Neunreither 2005, p. 470).[96] The advantage of those meetings is that they provide information and may strengthen parliamentary oversight on specific policy issues. Also, they enable informal talks around the meetings and to potentially forward an exchange of views and best-practices between MPs. However, there are no institutionalized forms of these interparliamentary contacts and no clear institutional structure when such meetings take place. They rest on the perceived interest of either the European Parliament, or the respective EU Presidency (as in the case of ICMs).[97]

Empirically, an increase of interparliamentary fora can be observed in recent years. Also, the number of national political actors participating in those meetings is on a steep rise (see figure 5.1). This underlines the importance MPs attach to this exchange. This has to be valued even more, as taking the time to travel to Brussels for a meeting which most probably will not be publicly perceived by German media or the constituency needs considerable motivation from the side of national parliamentary actors. The attendance rate of MEPs in joint parliamentary meetings is naturally higher than of MPs as these meetings most often take place in Brussels. But also the interest of MEPs in interparliamentary cooperation can be said to be higher in general, as in many cases they need the support from their national party families in order to secure their position vis-à-vis the Commission and the Council (Gattermann 2014).

[95] Joint Committee Meetings (JCM) are those meetings that are organized by the EP and the parliament of the country holding the EU Presidency. Interparliamentary Committee Meetings (ICM) are proposed on the initiative of individual committees of the EP. Since the coming into force of the Treaty of Lisbon, Interparliamentary Committee Meetings are by far the most common form of interparliamentary exchange, while JPMs have not been organized since 2012 European Parliament 2014b, pp. 13–19.

[96] These fora of exchange have also been used extensively with regard to the budget negotiations of the MFF 2014-2020, as will be elaborated in more detail below.

[97] Therefore, the demand has been voiced to introduce an annual "European Parliamentary Week" in order to institutionalize the exchange between NPs and EP in all policy areas Schäfer, Schulz 2013b.

Figure 5.1 Interparliamentary activities

	2008	2013	2015
COSAC Meetings	2	2	4
Joint Parliamentary Meetings	4	0	0
Joint Committee Meetings	3	1	0
Inter-Parliamentary Committee meetings	7	17	16
Visits to the EP by national parliamentarians	39	124	91
Visits to the EP by NP staff	208	167	-

Sources: (European Parliament 2014b); (European Parliament 2016) ; (Ruiz de Garibay, Daniel 2011, p. 5).

In recent years, two more specialized interparliamentary conferences – organized analogous to COSAC – have been set up: First, the "Inter-parliamentary conference for Common Foreign and Security Policy (CFSP) and Common Security and Defence Policy (CSDP)" hat its first meeting in Nicosia in September 2012. It has the aim to provide a framework for the exchange of information and best practices and to debate matters of CFSP and CSDP (Kreilinger 2013, pp. 6–7). This is particularly remarkable as it demonstrates the effort to strengthen parliamentary cooperation and enable oversight in defense matters that are still largely questions of the executive and the EP only plays a minor role on the supranational level. Second, the "Interparliamentary Conference on Economic and Financial Governance" was set up in January 2013. Based on Art 13 of the Fiscal Treaty (Treaty on Stability, Coordination and Governance (TSCG)), the conference emerged out of the negotiations of the Fiscal Compact and the bigger question on how parliamentary actors might be included in the EU's economic and financial governance especially in those areas where parliamentary embeddedness has been severely restricted with the Eurocrisis. The final wording of Art. 13 of the Fiscal Compact and the preceding negotiations on the position of the conference were ambiguous. Again, most parliamentary actors followed a rational perspective. Among them the European Parliament that – despite its significantly decreased role in financial governance during the Eurocrisis – was strictly against setting up such a mixed-parliamentary conference which it termed "illegitimate"(Kreilinger 2013, p. 11). This was underlined in the EP's report on the Reform of the Economic and Monetary Union ("Thyssen Report; European Commission 2012), where the risk is mentioned that multi-level parliamentary control of economic affairs would not increase legitimacy but would undermine the existing set-up of parliamentary structures and thus putting into question the legitimacy of the role of the European Parliament in economic and monetary policies.

> "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" (European Commission 2012, p. 35)

However, not only the EP saw its own role diminished through the new conference which should also discuss national budgets in the framework of the European Semester. Parliaments from Nordic and Eastern European States also rejected a creation of additional parliamentary institutions. Contrarily, the Bundestag and the Assemblée nationale supported the set-up of such a conference. The compromise which was found in the end leaves room for interpretation as the conference now disposes of an ambiguous institutional set-up and vague policy objectives, which led to further conflicts during their first sessions (see Kreilinger 2014 for more details).

These sectoral conferences illustrate a new trend in the interparliamentary architecture: Institutionalized fora that bring together parliamentary actors from distinct policy areas for a continuous process of exchange within these specialized policy areas. However, none of these bodies disposes of formal decision-making powers which is why they might be described as mere "talking shops". Therefore, the question still prevails on how much formal weight should be given to them (Kreilinger 2014, p. 58).

Next to these formal political venues and institutions of interparliamentary debates, distinct administrative structures have been set up to facilitate the exchange between parliaments on distinct policy issues. Such as the IPEX database[98], or tools enable videoconferencing and translation (European Parliament 2014b, p. 15). Inside the European Parliament, the Directorate "Relations with National Parliaments" is responsible for coordinating specific dossiers and interparliamentary conferences with national parliaments. On the German parliamentary level, the Bundestag's PE-division is in charge of the coordination with other parliaments.[99] It has been substantially strengthened in the past decade, most recently with the last reform of the EUZBBG in 2013 (Calliess, Beichelt 2015, pp. 200–205). Generally, it is acknowledged that the Bundestag has far-reaching administrative structures at hand (Höing 2015, p. 199). It's liaison office in Brussels coordinates with the European Parliament, especially the office members that are send from the German party groups. This also includes the "Monday Morning Meetings" where the Bundestag's Brussels office is briefed by the Commission (on the level of the administration; Ruiz de Garibay, Daniel 2011, p. 9). Overall, there are thus manifold structures, institutions and exchange tools between national parliaments and the European Parliament with respect to horizontal policy coordination and sectoral exchanges (see figure 5.2).

Figure 5.2: Typology of interparliamentary cooperation

Nature of interation	Level of interaction	Actors	
		Individual	Collective
Formal	Individual	Party meetings where MEPs and MPs participate Meetings for MPs and MEPs organized by national representatives	Information exchange via IPEX
	Committee	MEPs taking part in national parliament committees	COSAC Interparliamentary conferences Interparl. committee meetings
	Institutional	Conference of the Speakers MEPs taking part in national plenary sessions Information exchange via Brussels representation offices	Joint Parliamentary Meetings Information exchanged via ECPRD
Informal	Individual	Informal meetings between MEPs/MPs Informal contacts with MPs from other parliaments Cntacts between MEPs and national parliament representatives	
	Committee	Information sent out by committees of national parliaments to individual MEPs	Information sent out by NP committees to EP committees
	Institutional		Information exchange via Brussels

Source: Own compilation based on (Ruiz de Garibay, Daniel 2011, p. 3)

[98] IPEX database is found at: www.ipex.eu (accessed: 19.11.2016).

[99] See Organization Chart of the German Bundestag, https://www.bundestag.de/blob/189334/7cffa39f4845a8070a6fb4cadaa305d8/orgplan-de-data.pdf (accessed: 19.11.2016).

Similar to the formal-legal structures and institutions of interparliamentary cooperation, the practices of interparliamentary cooperation represent a plethora of contacts and perspectives on IPC representing differing approaches to parliamentary cooperation more generally. These personal contacts can be said to be the most important form of interparliamentary cooperation as they are the "silver bullet of political exchange" (Schulz, Broich 2013, p. 137). The majority of parliamentary actors regards networking effects as the most successful aspect of interparliamentary meetings (COSAC 2014, p. 24). The importance of personal contacts aside from formal committee meetings is underlined by the increase of official MdBs visits to the EU – which give MdBs the opportunity to directly meet and exchange with MEPs and other MPs and to discuss more informally (Schulz 2012, p. 239). However, the importance of these informal structures underlines a distinct fragmentation of interparliamentary cooperation in the EU, as its "entrepreneurial mood" (Crum, Fossum 2013, pp. 9–11; Buzogàny 2013, p. 18) gives rise to structures that only exist ad hoc and due to the intrinsic motivation and activities of the actors involved. This dependence of the motivation of parliamentary actors to participate in IPC formats and to hold contact with their respective colleagues is also due to their respective parliamentary culture since national parliamentary dispose of diverging foci and interests in their parliamentary work. While some put more emphasis on direct means of cooperation, executive control is of more importance for other bodies (Hefftler, Gattermann 2015, pp. 108–109; Deubner, Kreilinger 2013, p. 7).

The informal cooperation is strongly centered on the party-political dimension. A survey by Miklin and Crum (2011) found that "most inter-parliamentary coordination between MEPs and national politics proceeds through the party channel" (ibid.: 2). This has been further underlined by a detailed case study on the coordination of EU affairs in the Austrian Nationalrat (Miklin 2013).[100] These party-political contacts are mostly formed between members of the same national party or nationality (Hefftler, Gattermann 2015, p. 102). For example, most MEPs talk to their national party colleagues at least once a week and here mainly to party executives and members of the EU affairs committee (ibid.: 7). Also, most party group meetings on the national and European level are open to the participation of the parliamentary actors from the respective other parliamentary level, while this is set to be frequently used by MEPs to inform their national colleagues on EU affairs, the EP's party group meetings only sparsely count national guests which more often participate in the party groups national delegation meetings. Different than the formal presence in the EAC, party political exchanges inside the "own" party group is perceived as more important.

The most frequent contacts in this respect can be attributed to the European affairs committee and the respective party executives. Although the EAC is in a weak position in terms of national parliamentary prestige, it is the major hub of EU coordination in national parliaments. Also, EU affairs are often anchored at the party leadership level, as EU politics are often high-level politics that in many areas are kept together in the party headquarters. The involvement of the party leadership certainly depends the importance of specific policies, but as more and more policy issues are coordinated before Council and European Council meetings by meetings of the respective national party leaders, the strategic political element in the party-political EU coordination becomes

[100] The case study also found that despite many direct contacts, the coordination of common positions in the OLP is rare, so is the coordination of party political programs.

visible.[101] The coexistence of these two coordinating institutions in terms of informal interparliamentary contacts – the EAC and the party leadership level – also has an impact on the diverging perceptions of EU affairs inside these institutions. While the EAC members often dispose of distinct beliefs on the nature of EU integration and are embedded in a social context which is strongly European-centered, party executives dispose of a more national perceptions and dispose of beliefs that are different to those prevalent in the EU Affairs committee. While there are certainly differences of coordination between the respective party groups and their level of engagement towards parliamentary coordination, coordination activities most often take place both before actual voting procedures (in terms of ex-ante a coordination) and after the vote (in terms of a de-briefing) (Miklin, Crum 2011, p. 7). They thus make informal and direct parliamentary cooperation and coordination present all along the policy cycle.

In terms of the interest in parliamentary cooperation, initiatives from the supranational parliamentary level clearly outweigh the interest from national parliaments towards the EU level. In this respect, the EU parliamentary level is more active in pushing interparliamentary cooperation than national parliaments are. This may also be because, MEPs are still politically anchored in their respective national parties where they need to communicate to and also to keep close contacts to the party leadership "at home" and to coordinate actions inside the party group (Neunreither 2005, p. 474). This is also due to the formal linkages between the parties, as MEPs depend on their national parties to be positioned on the respective candidacy lists for elections. In this respect it has been found that parliamentary discourses equally reflect these linkages: In order to show approval with national political positions, EP group dissidents often take the plenary stage in order to communicate their national parties' position to the EP members or to show the national party at home that s/he does not agree with the EP party group line (Slapin, Proksch 2010). Taken these factors together, interparliamentary cooperation depends more on the MEPs' input, as national MPs are less embedded in supranational political processes. However, the Bundestag can still be counted as a rather active national parliament in this respect. This party-political dimension of interparliamentary cooperation is thus an "important additional channel for coordination" (Miklin, Crum 2011, p. 12). It is a tool of information and cooperation between MEPs and MPs (and also on a horizontal level between MPs).

Overall, in processes of interparliamentary cooperation, MPs both from the national and the European level are "institutional entrepreneurs" (Buzogàny 2013, p. 18). Together with the formal strengthening of parliamentary bodies in the EU political architecture in the past decades, incentives were strengthened to reinforce the cooperation between parliamentary levels. Through both formal and informal means of cooperation, parliamentarians are able to reduce information asymmetries towards their executives, facilitate policy formation and effectively hold governments to account (Herranz-Surrallés 2014, pp. 958–959). Taken this argumentation one step further it can be asserted that cooperation between parliamentary levels enables an overall strengthened role of parliamentary actors due to both institutional linkages of parliamentary cooperation and informal, personal contacts with other parliamentarians with regard to a specific dossier which is of mutual interest. This is even further the case if the institutional linkage through the party-political channel is considered.

[101] The respective party formations meet before meetings of the European Council (see i.a. http://www.epp.eu/structure/summit/, http://www.pes.eu/about_leader, accessed 19.11.2016). More recently, this has also been extended to various Council formations.

Most formal structures of IPC are only symbolic and non-binding in nature (Buzogàny 2013, p. 20). Interparliamentary conferences and committee meetings are not able to draft binding positions, they mostly serve as fora for information and the exchange of best-practices as the genuine sovereign parliamentary tasks are bound to remain on the respective governmental level as parliamentary actors have a stronger territorial link than hierarchically organized executive actors. The formal set-up of these coordination processes is more strongly based on the European Parliament which has the ability to invite national parliaments to specific sectoral meetings, while national parliaments dispose of coordination structures in COSAC. The non-binding nature of interparliamentary coordination entails that it is less attractive for individual parliamentarians than their native representative work on the national or European level. At the same time, informal means of cooperation that are based on direct party-political contacts mostly between members of the same nationality do have more relevance in the exchange of position and specific coordination of dossiers. However, they are much harder to assess and depend on the motivation and expertise of the actors involved (Abels 2013, pp. 96–97).

Taking together the structures and practices of interparliamentary cooperation and coordination, three major problems arise: *First*, the most important form of interparliamentary cooperation is the informal exchange based on the party-political links. However, this means of cooperation mostly takes place in an ad-hoc and sparsely institutionalized manner. It therefore depends on the personal engagement of parliamentary actors, a fitting occasion and precise political topics that are considered relevant from both sides. A genuine exchange between parliamentary actors thus needs a certain dedication which cannot always be guaranteed (Crum, Fossum 2013, p. 3; Hefftler, Gattermann 2015). *Second*, parliamentary cooperation is hampered by competitive dynamics from both parliamentary levels. While on paper, there are indeed the prospects of a "smooth communication and sense of common purpose across parliamentary levels" (Herranz-Surrallés 2014, p. 958); in reality there is often an uneasy relationship between national and supranational parliamentary levels. Many parliamentary actors still view interaction as a zero-sum-game – what one parliamentary actor or institution gains in terms of competences, the other loses. This has been empirically underlined by the setting-up of the interparliamentary conference in the context of the Fiscal Compact. While national parliaments feared a further irrelevance in EU matters, the EP was reluctant to consider other parliamentary actors next to itself alone (Wouters et al. 2014, p. 28).

Finally, parliamentary cooperation is impeded by diverging parliamentary cultures, starting with differences in the meaning of parliamentary accountability and legitimacy due to different political systems and different perceptions on what role national parliaments and the European Parliament should play respectively. It also implies differences in the perceptions on what role parliaments should ideally play in a political system which varies largely from EU member state to member state entailing strongly diverging working styles, incentive structures and work load in the respective parliaments (Schulz, Broich 2013, p. 139).

Taking these factors together it becomes apparent that interparliamentary cooperation features a distinct uneasiness from the side of both national parliaments and the European Parliament with respect to the scope and the respective parliamentary influence. So how the vertical coordination of representative interests should be assessed in an overall manner? Is interparliamentary coordination only a "symbolic function" (Benz 2011, p. 10) of parliamentary representation that is "likely to remain modest" (Raunio 2009, p. 323)? Both formal and informal channels of vertical parliamentary interaction need to be assessed in a joint manner as most often, formal structures

leave room for informal coordination, as the institutionalization of party-political meetings before (European) Council meetings demonstrate. As there has been no strategic picture behind the development of interparliamentary cooperation, its structures have developed ad-hoc and make it difficult to bring precise results. Furthermore, the overall structures and processes of parliamentary representation impede on an "efficient" coordination of parliamentary interests.

5.4 What Parliamentary Representation in the EU?

While national parliaments have somehow "traded" their legislative influence in EU affairs against stronger national control and cooperation rights, they still dispose of a strong communicative function in the parliamentary realm. The European Parliament, contrarily, is formally more in charge of the policy-making in the EU policy cycle while being weaker in terms of communication and oversight. The EU parliamentary system looked upon from above can be hence classified as a system of shared competencies where the EP and the NPs play "complementary roles" (Corbett et al. 2011, p. 368) in the representative system. While the EP is stronger in the legislative role, national parliaments have the ability to control their governments for which the EP is not suited to on a European level.

National parliaments are formally tasked with controlling their governments in EU affairs and are encouraged to actively participate in EU policy-making. While their formal role is mainly assigned to a representative control and explaining policy function (of their national governments, of EU legislative drafts etc.), with the past decades national parliaments have moved from control to policy-influencing actors in the EU policy process (Calliess, Beichelt 2013). They increasingly aim at shaping and participating in EU affairs on the national or European level. Due to their specific veto functions and powers on the EU and national level to influence legislation, they can be situated between policy-influencing and weak influencing parliaments. In this respect, national parliaments' strength comes back to the right to information and the capacity to handle these information; to rights of participation in EU affairs and institutional structures to enable this participation; and reduce information asymmetries between national parliaments and their governments but also between NPs and EU institutions.

The European Parliament lacks the public representative position other parliaments' dispose of in national political systems. First, the perceived lack of a "classical" parliamentary performance in terms of a left-right cleavage and majority/opposition politics is leading to a feeble voter turnout and a less central position of the EP. The view of European elections as "second order elections" and a lack of a European public sphere as a reservoir of representation thus weakens representative democracy as representation in the EU essentially needs a feedback with the electorate for the representative link to function (Wilde 2013; Biefang 2011, p. 58). A weak position of the European Parliament in the EU multi-level system therefore weakens overall system of representation in the EU. Second, the political will which is expressed through elections and that ties voters to their representatives through parties as intermediate institutions is split in the case of the European Parliament. European elections are still predominantly national elections, not only in the formal electoral procedures that are based on national parties but also as election campaigns are still

focused on the national parties' programs and not European political parties.[102] In its representative relationship the EP thus needs to conciliate multiple *demoi* with regard to the electoral relationship between the Parliamentarians and their electorate with the challenge to represent a European *demos* in the parliament's daily work and its position vis-à-vis Council and Commission.

The formal capabilities of the German Bundestag underline that it has far-reaching information and cooperation rights in EU affairs. Having the right of being informed "as early as possible" enables the German parliament of being actively embedded in the EU policy process. Also administrative structures have been built to enable the Bundestag a close control of the government in EU affairs and to be informed early on from what is going on in Brussels. However, the important question in this respect is to what extent the MdBs de facto use these powers derived from their legal status (Beichelt 2009; Hölscheidt 2008). Generally, it can be assumed that the parliamentary interest in EU affairs will grow if they are directly involved in decision-making processes (Becker 2013, p. 32) and if MPs can gain party-politically from an engagement in EU affairs. However, as domestic issues clearly dominate over EU affairs in the daily focuses of MPs, they link politics only very indirectly to EU system of governance (Bellamy, Castiglione 2013, p. 220). The Bundestag's reluctance to assume an active position in EU affairs can be attributed to the institutional mélange between the parliamentary majority and the German government, which hinders parliamentary moves towards a more powerful institutional control position. In the past, this has been illustrated by the fact that it was often the Bundesrat initiating new parliamentary powers in EU affairs and that the German Constitutional Court playing a major role in strengthening the parliamentary position vis-à-vis the government (Becker, Kietz 2010, pp. 27–29). This reluctance is also due to a hesitant use of its mandating rights, which is why it formally has strong powers of control but rarely uses them in practice (Winzen 2012, p. 668; Auel, Benz 2005, p. 386).

German parliamentarism has developed beyond the classical distinction between majority and opposition and comprises multiple roles that mix between German and European interests (Beichelt, Kietz 2014, pp. 17–19). Caused by the strong pro-European impetus and its close institutional bond to the government, the Bundestag neglected a proper control of its government for a long time. Today and with the most recent adoptions of its EU-related information and control rights, the Bundestag has regained a more centrally embedded position to actively shape EU politics, even beyond what is conceded to national parliaments more generally by the Treaties. Therefore, the Bundestag can be described to have a position that changed in the past decade from a mere control towards an actively participating actor (Calliess, Beichelt 2013, p. 3).

The EP as an important and powerful supranational institution and it directly represents a European interest based on direct elections in all EU member states. However, the European Parliament still lacks major parliamentary functions compared to national parliaments and has

[102] However, there are diverging views whether this split level structure should be assessed as a strengthening or weakening element. Lefkofridi and Katsanidou argue that supranational representation should be perceived as a multi-level phenomenon as the "congruence between national parties and Europarties has a conditional and conditioning effect on voter representation at the EU level." Lefkofridi, Katsanidou 2014, p. 110. In this view, the representative link is strengthened because national and EU levels are interlinked for the European Parliament's representative function. On the other hand, this procedure is leaving less room for a supranational representation, which is why the European Parliament was keen to advance the Spitzenkandidaten process and is about to elaborate on a more stringent European electoral law in order to counter the fragmentation of the European representative relationship.

weaker communicative links to the general public and the electorate. National parliaments dispose of three major ways of influence in the EU policy process: They are able to influence legislation both through ex ante influence and in their roles as enacting bodies, they control their respective governments in EU affairs, and they dispose of direct contacts to MEPs from their home party to gain information and access to EU level decisions (i.a. Katz 1999, pp. 24–26; Auel, Benz 2005). Furthermore to their policy influencing role, they are also important actors in terms of the communication of politics through public accountability and presence of parliamentary actors in the public debate (Auel et al. 2015b). While the European Parliament is a direct actor in EU policy-making, national parliaments rather play a supporting role. In the following, these parliamentary functions will be recurred on more specifically.

As what regards the mechanism and the importance of interparliamentary cooperation, a plethora of cooperation fora has developed in the past decade. Not only that they entail the opportunity for a better coordination of political action between parliamentary actors and a triggering of processes of social learning due to a sharing of parliamentary perspectives between parliamentary levels. But they also bear the risk of a growing "IPC fatigue" (Wouters et al. 2014, p. 50) due to the multitude of interaction processes and venues. Parliamentary bodies play a more or less active role in shaping IPC (Eppler 2013b, p. 338) but MPs and MEPs also agree in the assessment that interparliamentary cooperation is above all a "forum of exchange of information rather than an influential policy-making body" (Wouters et al. 2014, p. 27, see also: COSAC 2014). Also, the functional intersection between parliamentary levels may be used in different ways: productively, obstructively or even destructively (Maurer 2012, pp. 22–23). It can thus be concluded that parliamentary interaction takes place at the expense of a stringent institutional structure. The extent to which the interaction between parliamentary levels is leading to an added value or rather a cacophony of voices due to the nature of the distinct parliamentary practices and the processes of cooperation between the parliamentary levels and the citizens.

Taking the European Parliament and the German Bundestag as separate but interlinked parliamentary institutions it is found that neither of the parliamentary levels acts on "their" governmental level only. In terms of democratic legitimacy, national parliaments are most often more successful in linking the citizens with the political system, while the EP has a stronger influence on actual political outcomes. Therefore from the EPs and NPs diverging roles in the policy process follows that both levels are closely interlinked and are not able to fulfill the formal parliamentary function of representing the citizenry in controlling the government and actively using their policy influence without the respective other parliamentary level (Eppler 2013a, p. 31). In this respect, the linkage function of both parliamentary institutions through political parties is of particular importance as it directly links these two institutions through joint party-political channels. Therefore in theory enabling a linkage of parliamentary politics through the channel of party politics.

From the conceptual perspective of a multi-level parliamentary system, it thus has to be acknowledged that parliamentary actors have the means and institutions necessary to further develop their representative functions in light of a multi-level actorness and to contribute to an increased embeddedness of parliamentary representation in the EU political system. Furthermore, they may even develop parliamentary perspectives based on shared party-political cleavages between the national and supranational level that surpass traditional "national" and "European" points of view. In this respect, interparliamentary cooperation may serve as a potential

counterbalance against the executively dominated EU governance. In light of the structures of cooperation this potential to a strengthened coordination and cooperation can be mostly attached to the party-politically oriented mechanisms of coordination. These may indeed make a difference in the coordination of specific dossiers and the development of shared parliamentary representative interests beyond governmental levels. However, on an empirical level the vision of a multi-level parliamentary Europe seems still far from being implemented at the ground. The "multi-dimensional net of interparliamentary contacts" (Maurer, Wessels 2001a, p. 475–475) led both to mutual empowerment and competition of parliaments in the EU political sphere. While the creation of the potential mutual benefits are largely acknowledged, parliamentary competition is also an important fact of the EU's interparliamentary system. It is centered on the fact that national parliaments on the one hand view themselves as being the "natural" parliamentary bodies and main institutions of popular sovereignty, while the European Parliament on the other hand equally sees itself as the only EU institution directly elected by EU citizens and therefore as major parliamentary representative institution in EU affairs.

As what regards parliamentary representation, there is therefore *no clear path of parliamentary representation in the EU*. Ongoing struggles relate to the overarching question which parliamentary actor should take which position in the EU political process, control whom and being accountable to whom and to what degree (see also: Piedrafita 2013, p. 2). These conflicts on competencies and a division of power in terms of parliamentary representation, while disposing at the same time of direct electoral – party-political – interdependencies, highlight not only that the broader question of the finalité of EU integration is still up to debate but also that the question of who is representing whom in the EU's parliamentary architecture remains unresolved. Both the European Parliament and national parliaments cannot be considered as singular parliamentary representative institutions in the European Union's political architecture. Therefore it is necessary to look at parliamentary representation in an integrated manner. As this chapter underlined, parliamentary politics are formally linked through the party-political channel while disposing of distinct elements of competition with respect to the territorial nature of representation where it has been underlined that distinct territorial interests are equally prevalent in the European Parliament and in national parliaments.

The *formalistic analysis* showed that the EP alone does not have the legitimacy to fully represent a European demos due to its shortcomings in terms of a communication towards the citizenry. Despite its nearly full legislative powers as policy-making institution on the supranational level. National parliaments, in contrast, maintain a stronger communicative bond with the citizens on the national level, although their power to carry out EU policy influence is rather limited. Also, due to the NPs predominant national position in terms of their political and representative focus, they are not able to substantially legitimize broader European policy decisions.

The working structures of the European Parliament are clearly aligned after the model of national parliamentary systems. Despite disposing of both territorial and party-political interests, the institutional structures of the EP are aligned along a left-right logic (Hix et al. 2007). In this respect, next to party-political cleavages, a further overarching logic of representation inside the European Parliament is that of a deepening of integration.[103] In incremental steps, the EP moved from being a mere "talking shop" to an almost fully-fledged parliament that can be compared to national

[103] Although this is increasingly questioned through a steady rise of Eurosceptics inside the European Parliament.

working parliaments (Rittberger 2005). The German Bundestag is one of the most pro-European parliaments in the European Union. Its members dispose – with more than 80 per cent – of the highest share of trust into EU-level decisions among their national counterparts (Wessels 2005, p. 452).[104] This generalized trust does also come along with a distinct lack of control of the government in EU affairs, also because in most policy areas there is a lack of public contestation in most EU issues, which is why there is no political reason to get involved for MdBs. Therefore, the Bundestag as a collective body – although disposing of the proper means and instruments to become involved – is rather a reluctant policy actor in terms of formally controlling the government. In this respect, informal tools of policy influence have become more important in the work of the Bundestag: Not only the exchange with their colleagues in the European Parliament in order to directly influence legislation in the European Union but also direct contacts to the government to influence their position in the Council (in the case of the majority parties) are used.

In terms of their *construction of parliamentary representation inside the EU multi-level system*, the European Parliament and the Bundestag act on different levels and have diverging perceptions on their position inside the EU political system. While MEPs need to pursue both national and supranational practices in order to safeguard their career in the European Parliament and inside their national party, German parliamentarians mostly concentrate on their national political practices due to the incentive and career structures prevailing inside the Bundestag. A difference certainly makes the rather small group of pro-European MdBs that take both a national and European perspective in their parliamentary work.

MEPs dispose of an EU-centered representative identity, as it possesses supranational political and symbolic capital and functions, however, disposing at the same time of distinct national orientations i.a. with regard to the selection of its candidates (Beauvallet, Michon 2012). National parliaments both strongly overlap in their territorial representation with member state governments, while electorally disposing of close bonds with the European Parliament, since both sets of actors are functionally and politically connected to their respective other party groups with which they share overall policy coherences on big lines of integration (Cooper 2013b, p. 537).[105]

The positions of parliamentary actors are intertwined, as both institutions dispose of overlapping constituencies and thus represent multiple electorates. In the EU political system, therefore, diverging chains of accountability and control persist, leaving the principals in EU affairs (the citizens) with multiple agents that are able to influence EU politics at different points and different areas within the EU policy cycle (Bergman 2000). While the EP directly represents the EU citizens at the European level and disposes of considerable leverage over the EU institutions and in terms of policy influence, national parliaments are less specialized and monitor actions at the EU level from a national point of view. However, they directly influence their government in EU affairs – also in those areas where the EP has no policy influence as mandated by EU primary law. They can devote less time to EU issues but often have considerable leverage over their own national government. These "two channels" (i.a. Crum, Fossum 2013, p. 6) are currently pursued at the

[104] A position which is being shared between all major parties in the German Bundestag (Beichelt 2012; Beichelt, Selle 2016).

[105] See i.a the study on voters' perceptions of EU and national parties found out Schmitt, Thomassen, J. J. A. 2000, p. 319.

same time without a clear end point, as the view gained prominence that there is not one but multiple sources of legitimacy in the European Union.

*Conflicting principles of parliamentary representation***.** Taking into account the party-political linkages between the European Parliament and national parliaments, the interparliamentary dimension of representation gains importance both for national parliamentary actors and for Members of the European Parliament. MEPs use direct contacts in their national parliament not only to strengthen their position inside their national party, but also to link policy interests and debates between the supranational and the national governmental level. National parliamentarians, in contrast, are able to directly participate in the European policy process through their institutional mechanisms and directly through the EP. In this respect, interparliamentary cooperation disposes of a strong party-political notion, reflecting the institutionalized contacts between MEPs and MPs through their national parties, where party-political interests are negotiated vertically between the national and EU parliamentary representative levels and are mediated through the national political parties.

As both parliamentary levels dispose of a formal constitutional position inside the EU's representative architecture, it is necessary to regard parliamentary representative principles in an integrated manner. Similar to the overall EU representative system being divided between electoral and territorial actors of representation, also the electoral strand of representation itself – the parliamentary dimension of representation – disposes of diverging focuses and interests. Parliamentary representation most generally is considered to represent the electoral pillar of representation. However, a closer look at the representative interests inside the EU's multi-level political system reveals that parliamentary representation disposes of an ambivalence between electoral – party-political – and territorial interests. Within parliamentary bodies, both territorial and electoral representative principles occur at the same time. They are not mutually exclusive but show the balancing act of representative interests within parliamentary institutions. From this perspective, both principles can be regarded as strands of parliamentary representation in the EU multi-level system and may indicate which processes of differentiation and homogenization parliamentary actors dispose of between different governmental levels and whether territorial or electoral/party-political representative interests are valued higher in the representative process.

The *electoral, party-political, principle of representation* relates to the above mentioned principle of the equality of the individual's position inside a representative system. Public interests are included in the political system according to an equal representation of the individuals positions in the authorization process. In modern democratic political systems this electoral principle of representation is channeled through intermediary institutions, namely parties. Therefore, the electoral principle of representation equally relates to the party-political dimension of representation in the European Union. With regard to EU primary electoral representative bodies it has to be asserted that both parliamentary institutions are formally linked through their national party systems. This implies overlapping career structures, social recruitments and party-political cleavages of both national and supranational parliamentary actors (Evas et al. 2012a, p. 18; Cohen 2011, p. 338). Parliamentary elections in the European Union, both on the national and on the supranational level, are done in a national conquest through national party families and through primarily national voting procedures.[106] As a consequence, parliamentary actors are organizationally

[106] Although the EU electoral law gives some general guidelines on how EU elections should be held, EU elections are both institutionally and with respect to the electoral campaign strongly dominated by national

rooted in the same party families, as both MPs and MEPs need to adhere to national parties and their career patterns in order to be forwarded on the respective candidacy lists. These roots not only lead to a formal anchorage of parliamentary actors in the respective nation states but also to common political positions and communication channels between parliamentary actors. Therefore, the electoral – party-political – principle of parliamentary representation can be understood as being a uniting bond between parliamentary levels due to the nature of parliamentary representation in the European Union.

The *territorial mode of representation* of parliamentary actors relates to the territorial interests parliamentary actors pursue in their performance of representation. National parliaments, due to their elections within national political systems and primarily supporting "their" national government, tend to represent – next to their party-political interests – the national interests of the respective member state. The European Parliament disposes of supranational territorial principles of representation as the factual emphasis of their representative work is concentrated on the supranational level in in order to further supranational integration and a European perspective on politics. Nevertheless, due to their institutional roots inside national party systems, MEPs are equally prone to represent national territorial interests inside their political groups. Therefore, the EP disposes of both national and supranational interests in their performance of territorial representation, reflecting the fact that is rather a "Völkervertretung" than a classical "Volksvertretung" inside the European Parliament (Biefang 2011, p. 52). Territorial interests of representation thus oscillate between national and supranational ones inside the European Parliament. From this perspective, parliamentary institutions on the national and supranational level that are both selected according to electoral procedures of representation, display both practices of competition and cooperation within their respective practices and institutions of representation. Therefore, territorial interests of representation are complemented with distinct party-political orientations of parliamentary actors in the European Union due to linkage of the parliamentary level through the party political realm.

This ambivalence of representation in the EU parliamentary system between competition and cooperation, between territorial and electoral representative interests has both advantages and shortcomings with regard to the nature of representation in the European Union. On the one hand, this quasi-federal structure, with a multiplicity of parliamentary actors included in the decision-making process at different stages of the representative process might overall strengthen parliamentary actors vis-à-vis their executive counterparts and could thus better legitimize the EU political system. On the other hand, multi-level representation still suffers from distinct logics and rules of functioning which impede on the fulfilling an overarching parliamentary representation. From this perspective, national and supranational parliaments dispose of different "minds of state" (Adler-Nissen 2011, p. 328) due to their diverging formal, institutional and social structures. Nevertheless in terms of the overall phenomenon of EU parliamentary representation, as being a crucial element of the parliamentary budget authority, both classes of actors need to be regarded as "one phenomenon" (Abels, Eppler 2011, p. 37).

procedures and cleavages such as different election dates and voting ages (see i.a. European Parliament (2016): Electoral Procedures, http://www.europarl.europa.eu/ftu/pdf/en/FTU_1.3.4.pdf, accessed 19.11.2016).

6. THE EU BUDGETARY PROCESS

In the EU, budgetary politics take a dominant position. Both the size of its revenue and the lines of expenditure are subject to heated debates on all institutional levels of the European Union. Different to national politics where main cleavages mostly deal with which policy choices are taken, and what lines of expenditure are preferred over others, the EU budget negotiations dispose of a third conflict line which is an institutional battle (Kölling 2012). A further and not less important line of conflict takes place between the member states themselves where the net balance of every member states' contribution plays an important role. Here, net payer countries – those that contribute more to the EU budget than they receive in return – stand against the group of net beneficiary countries. As a result of these multiple lines of conflict, political decisions are taken on the highest political level due to the high importance of the budgetary deal. From a parliamentary angle, it is of importance what formal means of policy influence and control parliamentary actors may exert on budgetary decisions. On the national level, it has already been noted that the factors that influence budgetary decisions of parliamentary actors concern their respective amendment powers, the importance and positions of political parties and the overall composition and consensus orientation within the given political system (Lienert 2013a, pp. 116–117). For the EU budgetary process, these factors will be taken into account, however, they will equally have to be enlarged due to the distinct structure of the EU's budgetary system. In the following, the overall historical development of the EU's budgetary structure will be recurred upon in order to show the big lines of development and factors of influence of budgetary decision-making in the EU's political system. Consequently, today's formal legal budgetary structure will be treated in detail before using those two parts for a closer scrutiny of the parliamentary inclusion within this process.

6.1 Development of the EU budget

> "As it stands today, the EU budget is [a; LS] historical relic. Expenditures, revenues and procedures are all inconsistent with the present and future state of EU integration. Half its spending goes on supporting a sector whose economic significance is declining, little is used to provide economic or non-economic public goods typically featuring large economies of scale, while convergence policy is very dispersed across EU countries and is not focused regarding the activities it should support. More than 90% of the EU budget is financed via national contributions linked to national treasuries, rather than from taxes levied on EU-wide fiscal bases. Finally, the procedure for adopting the EU Financial Perspectives (…) is driven by narrow national calculations of self-interest, bolstered by unanimity voting." (Sapir 2003, p. 162)

Although this conclusion sounds very topical given the contested nature of the most recent debates on the Multiannual Financial Framework in 2012 and 2013, the Sapir Report is more than a decade old. It underlines how little has changed in the debate on prospects and challenges of the European budget. In 2003, the report, commissioned by the European Commission, aimed at locating the EU budget within the broader economic governance in Union. It concluded that it should be a tool to bolster economic development and should therefore help to achieve the strategic political objectives of the European Union. This debate, on how the EU budget should underpin the political and economic development of the EU as well as the political and institutional struggles attached to budgetary policy-making is at the heart of the development of the EU budgetary system.

Three major steps of the EU[107] budgetary system's development can be named and will be recurred to in the following (see Benedetto 2015, p. 2): The first major step of the Unions budgetary system was the introduction of the system of Own Resources which replaced the Communities' financing through member states contributions. The second overarching change was the introduction of the first multi-annual financial program along with the set-up of an Interinstitutional Agreement in order to calm institutional conflicts between the European Parliament and the Council. And finally, the constitutionalization of the EU's budgetary procedure was marked by the coming into force of the Lisbon Treaty in 2009.

EU budgetary politics are older than the European Community itself as already the European Coal and Steel Community (ECSC) disposed of an independent budget. This budget was novel in supranational politics due to two factors: First, the high authority of the ECSC had the power to impose levies on coal and steel in order to cover its administration, provide financial aid and to foster research; and second, the High Authority was able to borrow contract loans on the market to re-lend to European enterprises in the coal and steel sector without seeking a permission of the member states (Feo 2015, pp. 29–31). The ECSC's budget was not only geared towards financing its genuine institutional work but also to finance programs to counter structural change and to support the industry. This was done through granting favorable loans to enterprises and by financing subsidized housing, resettlement grants and educative programs. Behind this was the anticipation that a common market on coal and steel could bring about structural changes to some member states that should be eased through policy interventions (Laffan 1997, pp. 2–4). Thus the very beginning of European budgetary politics had a clear interventionist and redistributive approach in order to accompany market integration with social policies, as market integration was perceived to produce both winners and loser in the member states. The parliamentary assembly, formally only had very limited influence on these budgetary developments, however, it used the High Authorities duties to submit an annual General Report to make its views on the ECSC's budget heard (Feo 2015, pp. 34–36).

The Rome Treaty in 1957 furthered the paradigm of market integration and accompanying social interventions in creating on the one hand the European Investment Bank (EIB; operational from 1958) in order to support the economic development of the Community and on the other hand the European Social Fund (ESF; from 1960) in order to improve the labor quality of the European workers. The aim, again, was to buffer the negative effects of market integration. Agricultural funding in this respect represented one of the great bargains in the negotiations between France and Germany on the European Economic Community. Its inclusion in the Communities' budget enabled the final compromise on the EEC (Laffan 1997, p. 5). The politics of grand budgetary bargains thus stood at the beginning of EU budgetary politics.

Different to the ECSC, however, the EEC and Euratom were financed through member state contributions, which is the classical funding instrument of International Organizations. Therefore, the supranational approach to budgetary politics as introduced by the ECSC represents a path which not has been followed in subsequent budgetary developments. The institutions were not able to impose levies and they were equally not allowed to take debt so that the financial autonomy

[107] The term "European Union", EU is used throughout this chapter due to reasons of clarity. It is, however, well known that the EU for the most time of the integration process was named a "Community".

fully rested with the member states and national parliaments consequently in EEC and Euratom.[108] The Parliamentary Assembly was given more powers than in the ECSC and was able to comment and bring forward amendments to the draft budget that was forwarded to the Assembly. It was also tasked with the ex post control of the budget (Munoz 2014, p. 2). The early years of budgetary integration are characterized by a strong notion of member state autonomy and therefore a full overview of parliaments on budgetary developments on the EU level.

Budget negotiations in the 1970s. The merging of the three institutions' executives (Euratom, EEC, ECSC) into one single authority in 1967 equally enabled the merging of the budgetary structures and the tackling of a first major budgetary reform to endow it with financial autonomy. This reform in 1970 represents a systemic change of the EU budgetary procedure which in its fundamental structure is more or less valid until today (Raddatz 2002, p. 25). The reforms were acknowledging the depth of integration already achieved. Also, the European Parliament joined the Council as budget authority with the budgetary treaties in 1970 and 1975. The budgetary reform was thus also aimed at strengthening the Community's democratic legitimacy by giving the European Parliament a stronger budgetary position (Cipriani 2014, pp. 6–7), while national parliaments – through the principle of unanimity inside the Council – equally remained in charge of budgetary policies.

The first Own Resources Decision was taken by the Council on 21. April 1970 (Deutscher Bundestag 7/4/2013).[109] This move from a budget financed through member state contributions to proper Community resources was motivated by changes in the wider political and economic environment such as the formal introduction of the Common Agricultural Policy and the envisaged accession of the United Kingdom to the European Union. It was mainly in the interest of the French government to strengthen the permanence of the EC's funding before the UK's accession to the EC (Benedetto 2015, p. 2; Lindner 2006, p. 181). The first of these own resources stemmed from those revenues that were a direct outcome of European integration: Agricultural and sugar levies; customs duties and supplementing member states' contributions that were calculated according to a maximum amount of 1% of a harmonized VAT rate. All three sources are present in the EU Budget until today, however their composition has changed, as the direct contribution of member states to the budget gained increasing importance (see figure 6.1, , p.107, see also: Lindner 2006, p. 220).

With this change from member states contributions to own resources, the European Parliament, gained more budgetary powers. It now disposed of co-legislative rights together with the Council (Becker 2014a, p. 32). The budget treaty granted the European Parliament a veto power, although being limited to the rather small budget items of non-compulsory spending[110], and it gained the power to adopt the budget together with the Council. Behind this change was the aim to strengthen the parliamentary arm and to increase the Union's democratic legitimacy, the scope and depth of

[108] Interestingly, the EEC's budget was divided in terms of member states' voting procedures: While administrative expenditure was divided according to the voting power inside the six Council members, the (re)distributive areas of the budget took economic factors further into account in order to alleviate economic divergences between the member states (Ronnecker 2009, p. 54–54; Raddatz 2002, pp. 22–23).

[109] Own resources as such were however no new invention, as they were already envisaged by the Treaty of Rome.

[110] Non-compulsory spending designates those items that can be classified as the "public goods" areas of the budget such as investment in research and development, transnational project etc. Lindner 2006, p. 173.

integration advanced tremendously. A further treaty reform in 1975 granted even more budgetary rights to the EP: As joint budgetary authority, it gained the final say and also the power of amendment over non-compulsory items in budget from 1979 and the right to reject the budget in its entirety. While the European Parliament was installed as a partial budget authority on the European level, on the national level national parliaments gained the right to ratify the Own Resources Decision taken by the member states in order to uphold democratic legitimacy of the Communities own resources and member states contributions to the budget. In this respect, the parliamentary budget authority was for the first time split between the revenue and the expenditure arms of the EU budget.

The shift in the balance of power between the Council and the Parliament, in turn led to serious conflicts between the two institutions. While the Council aimed to keep its autonomy in budgetary matters, the EP tried to increase its institutional powers through the budgetary procedure.[111] Heavy conflicts erupted on how the new budgetary rules should be interpreted, as the Treaty rules were very vague. The EP followed a strategy of "opportunistic interpretation" (Lindner 2006, p. 178) of the Treaties in order to further its own influence against the Council. Also against the background that with its first direct election in 1979, the EP regarded itself as a properly legitimated parliamentary body to perform not only consultative functions but to also shape EU policies through the budget (Dreischer 2003, p. 215). This new perception of the parliament's position inside the EU's institutional architecture erupted in the blocking of the EU budget in December 1979 by the EP as a test of strength against the Council (Bache et al. 2011, p. 298). Due to these heavy conflicts and diverging interpretations of the budget treaty, the Council even decided to take the EP to the European Court of Justice (ECJ) to request a "third party interpretation" in order to counter the unilateral treaty interpretations of the Parliament. Such a ruling, however, became superfluous since both institutions in the end agreed on a "Joint Declaration on various measures to improve the budgetary procedure" (European Commission et al. 1982) in 1982 in order to resolve these conflicts. Although the declaration eased the most urgent conflicts, it was however, not a big success, as both institutions did not feel bound by it. Consequently, the next crisis erupted in 1985 over the increasing difficulties to fund EU policies, as the CAP dominated all other policy areas. Here, the EP reproached the Council of a failure to provide adequate funds. Due to the lack of expenditure and the ever increasing share of agricultural policies in the EU budget, the EP proposed amendments on CAP spending in the 1986 annual budget – although knowing that it was not part of the non-compulsory spending it was only legally able to amend. In the end, now finally brought to the ECJ by the member states, the budget was ruled illegal and literally forced both institutions to work together (Laffan 1997, p. 82).

In the 1980s, the difficulties to endow the Community with its proper own resources was mostly due to an ever increasing share of the Common Agricultural Policy in the budget, as the CAP was financed through an automatic price stabilization. On the revenue side, this increase could not be matched by a corresponding increase due to a strict ceiling of the VAT own resources (Raddatz 2002, p. 29). This problem of underfunding was tried to tackle at the Fontainebleau Summit in 1984 where the amount and distribution of own resources between member states was discussed. After heated debates, the summit concluded to raise the VAT ceiling from 1 to 1.4 percent in 1986

[111] Also because at that time, the parliament did not dispose of equal powers in the legislative arena as the co-decision procedure was only introduced with the Single European Act Hix, Høyland 2013, p. 172.

and to limit spending both in the agricultural and non-compulsory parts of the budget.[112] This invoked strong criticism from the European Parliament which put into question the 1982 Joint Declaration. In the end, the summit did not fundamentally solve the own resources problem but rather calmed its most immediate problems (Laffan 1997, pp. 53–54). Also, the summit laid the foundations for an important long-term effect of the own resources debate which was not anticipated at the time: The establishment of the British rebate on its VAT payments to the Community budget was introduced. Not only did this decision put an end to the mechanism of equal payment into the Community's own resources but also it enshrined the principle of a "national attribution" of EU funds in Council debates. For the first time, the principle of "net-return" was invoked by the UK (and would be later followed by other member states) with the famous quote "I want my money back" from the then-UK Prime Minister Margret Thatcher. In its long-term effects, the establishment of the UK rebate ended the vision of proper own resources of the community as it was accepted by the member states that it would not be the EU taxpayers uniformly contributing more or less equal shares to the EU budget but rather national governments paying their parts – and wanting their "fair share" back in return (Lindner 2006, p. 177).[113]

The general move from member states contributions to own resources in the 1970s was an important, quasi-constitutional change of the EC's funding system. Even though it was de facto thwarted by the Council's decision to grant national exceptions on financing the revenue base of the budget. In terms of parliamentary inclusion, the European Parliament gained more powers on the expenditure side of the budget, while national parliaments ratified the decision on own resources. The aim was thus to provide parliamentary legitimacy to both arms of the budgetary institutions, also reflecting the overall "parliamentarization" of the EU with its first direct elections in 1979.

Introduction MFFs in 1988. While being able to finance the Community budget throughout the 1970s, it became apparent in the 1980s that the Community's resources would not be able to permanently sustain the EU budgetary system, as both the agricultural sector and ongoing integration projects needed further financing. This underfunding of the budget's revenue base on the one hand and seemingly insurmountable divergences between the member states and the European Parliament on the other hand led to the 1998 Brussels summit where another major reform package was introduced under the – then new – Commission President Jacques Delors. The European Commission's move to introduce a new system and process of budgetary decision-making, however, was framed in the bigger context of the major integration project of the Single European Act. The new SEA agenda and its newly introduced article on economic and social cohesion provided the framework for President Delors was effectively used by the EU Commission as a leverage for reform (Shackleton 1990).

The so-called "Delors I" package was concluded in February 1988, after months of heated discussions between the member states. Its major components were setting up a unitary budgetary

[112] While agricultural spending was prohibited to increase above the general increase of own resources, non-compulsory spending was forbidden to increase above maximum rate of increase of the budget Lindner 2006, p. 179.

[113] The direct results of the Fontainebleau Summit can thus be summarized as "too little too late": When the 1.4 VAT ceiling was introduced in 1986, it was already not enough to properly fund the budget. Bringing the Commission in the position of being forced to start the negotiation process of increasing its revenue over again Nugent 2010, p. 402.

framework; clear and reliable commitments by the two budgetary authorities; the increase of own resources at the same time with budgetary discipline in order to contain the budget's size (and agricultural spending); and finally to deal with the increased heterogeneity of the Union in contributing to social cohesion through the EU budget. These broad components were achieved by several new mechanisms: First of all, a multi-annual budgetary framework for five years was introduced that aimed towards a greater budgetary predictability and coherence of the budgetary framework. It was motivated by the wider political and economic events, such as the single market project, an increasing area of to be funded policy areas which drastically increased the need for a stable and long-term planning (Benedetto 2015, p. 2). The introduction of a ceiling for commitment (up to 1.3% of EC GDP) and payment appropriations (up to 1.2 % of GDP) was furthermore set up in order to set limits to maximum amounts of spending in order to contain the wild growth of the CAP. With respect to the revenue side of the EU budget, a fourth source of revenue was introduced in order to balance possible deficiencies of the other three resources. This balancing resource was a member states contribution that was coupled to the Gross National Product (GNP) of the Community.[114] The conclusion of this far-reaching budgetary package characterized a "major negotiating success for the Commission president" (Laffan 1997, p. 10). It was the financial underpinning of forthcoming political initiatives such as the SEA and the Treaty of Maastricht.

Given the high level of conflict between the budgetary institutions, the Delors I-package also included an Interinstitutional Agreement (IIA) between the Commission, the Council and the Parliament. The Agreement was a formal commitment by all three institutions on the financial framework. It reiterated the European Council conclusion on budgetary matters and bound the institutions to the multi-annual frameworks, its division in headings and a strict ratio between commitments and payments. Although the division of competencies between compulsory and non-compulsory spending in the budgetary process remained untouched, the IIA achieved that through the signature of the agreement all budgetary lines were fused in one multi-annual package and that the budgetary institutions were made responsible for all aspects of the budget and thus aiming to calm down the diverging interpretations and conflicts between Council and Parliament. The IIA not only set the precedent for all further budgetary agreements, but it also formally increased the budgetary role of the European Parliament as a budgetary partner as the EP had to approve the final deal of the member states on budgetary matters. However, it was not formally included in the negotiation process (Nugent 2010, p. 404). The IIA contributed to a more stable budgetary process and enshrining the multiple interests of the parties. It calmed the budgetary conflicts and set limits to the broadly diverging interpretations of the budgetary authorities on budgetary rules of the past decade. It thus set an institutional path for the following budgetary agreements.

The second multi-annual framework, baptized "Delors II"-package, saw the light of day just days after the signing of the Treaty of the European Union in Maastricht in February 1992. Again the European Commission held an important agenda-setting role but this time negotiating in a different political context (Laffan 1997, pp. 11; 66-69).[115] The Delors II-package was characterized

[114] Being of a limited influence at the time of its introduction, this balancing resource today amounts to more than 70 percent of the EU budget (in the 2014 budget: 73.6%; European Commission 2014, p. 24).

[115] After the Danish initial rejection of the TEU and a very close French vote on the Treaty, diverging views on the European project became visible and the member states were less inclined to increase funds in order to strengthen public goods expenditure (such as research and development, transport networks).

by institutional learning processes from all actors involved. It was much more detailed than the first one, as the member states wanted to leave the European Parliament as little room for maneuver as possible (Laffan 1997, p. 87). In turn this meant that a new Interinstitutional Agreement between the budget authorities needed to be forged which gave the EP additional bargaining space vis-à-vis the Council. The IIA included among others the establishment of margins for unexpected circumstances in the annual budget. In the end, the Interinstitutional Agreement provided the budgetary peace necessary to proceed with the Single Market project and the monetary integration under the head of the European Monetary Union (EMU; Munoz 2014, pp. 2–3).

The two Delors budgetary deals shape the EU budgetary system until today. They enabled a stable financial planning through multi-annual programs with binding ceilings and revenues, thus contributing to a steady flow of revenue to the EU budget and a predictable structure for expenditure planning. The institutional commitments introduced under the Delors presidency last until today (Lindner 2006, p. 179). Budgetary conflicts were not only eased between the member states through side-payments and the acceptance of national attributions of funds, but also between the budgetary authority in granting the European Parliament further means of influence. However, as the Interinstitutional Agreements were institutionalized as binding commitments and tools of governance, the European Parliament was only involved at a second stage and not around the table in the first place. Therefore it is mainly a tool to give the European Council's decisions a binding force with respect to the overall amounts of and distribution of funds inside the EU budget (Nugent 2010, p. 405; Schild 2008, p. 533).

The EU Budget in the 2000s. The following multi-annual frameworks, the Agenda 2000 (2000-06) and the Agenda 2007 (2007-13) did not propose radical changes to the budgetary status quo. They rather institutionalized the path taken with the Delors packages. The European Commission tried to frame the Agenda 2000 budget – in the line of the Delors strategy – within a broad political project, which was the envisaged Eastern enlargement in 2004. The Agenda 2000 MFF should therefore link the Union's institutional reform with the enlargement of its members to the East. Parts of this reform were the replacement of the UK rebate with a general correction mechanism (European Commission 1998) and a modest increase of funds (Becker 2014a, p. 140). The Commission was, however, not able to properly connect the demands of an enlarging Union with the budget negotiations, as the path dependency of the "old" member states interests were more prevalent and bold changes as what regards the structure of the budget with regard to the costs of enlargement were not regarded as feasible.

The negotiations on the Agenda 2007 took place at the same time as the constitutional assembly was tasked with the reform of the EU budgetary process. Although there was no direct link between the two processes, the budget negotiations were indirectly linked to this major integration project as it was also tasked with the institutional set-up and future policy areas of the Union. This link was specifically evoked by the member states – notably France and the UK – that claimed that they wanted to put the EU constitution to a popular vote. This introduced a credible threat that expanded also to the budget negotiation so that the UK rebate and the French CAP subsidies could not realistically be tackled in the negotiations (Becker 2014a, p. 176). The use of a "bottom-up"[116] approach inside the EU Commission furthermore had the effect that the Commissions financial

[116] For the difference between a "top-down" and "bottom-up" approach see chapter: 4.2.

demands were by large above what the member states were willing to pay. In its first publication of the budget, the Commission demanded a budgetary increase of 22.8% (in payment appropriations), a steep increase of the cohesion parts of the budget, and a revision of the UK rebate through the introduction of a general correction mechanism (European Commission 2004; Mayhem 2004, p. 5). The final compromise was considerably closer to the net contributor positions than the receiving countries (Schild 2008, p. 541). The Commission was not able to build a powerful coalition among the member states – its approach to the MFF largely failed.

The EU enlargement in 2004 further complicated an already complex negotiation process as the interest structure grew more and more heterogeneous with a sharp increase of veto players inside the Council. The EP was able to propose modest changes to both the Agenda 2000 and 2007 in making its consent dependent on particular conditions. Of particular interest in this respect was the precise shape of non-compulsory spending, as this granted the EP greater influence in the annual budgetary procedure. Also, it pushed strongly for an inclusion of the CAP (or at least the parts of the CAP that were related to the support of rural areas) into the basket of non-compulsory spending.

In the 2000s, the European Parliament was only modestly able to make a mark in the budgetary deals, where it could use its veto power on the IIAs to demand budgetary adjustments. These changes were by nature rather limited as these negotiations took place after the final package was drafted by the European Council.

With the arduous negotiation process of the Agenda 2007, there was increasing dissatisfaction with the budgetary process not only inside the EU Commission and the European Parliament but also among the member states. The reason for this was due to the fact that the member states were not particularly satisfied either with the 2007-2013 budget deal where it was felt that neither member states' interests nor EU policy goals were properly reflected (Hagemann 2012, p. 24). It was feared that the "next time we will jump at each other's throat" as then Austrian Chancellor Wolfgang Schüssel commented on the MFF negotiations (cited in: Becker 2014a, p. 312). Therefore, the European Council mandated the Commission with the conclusion of the Agenda 2007 in December 2005 to conduct a "full, wide ranging review" (European Council 2005) of the financing and expenditure of the EU budget, explicitly mentioning the UK rebate and the CAP. The compromise on the budgetary framework 2007-13 was only reached through the inclusion of this mandatory budget review. But although the Commission received a broad mandate, and aimed major changes in the budgetary system, its actions did not result in radical changes. Manifold studies and assessments were commissioned (see i.a.: Begg et al. 2008; Gros 2008) and the member states and other stakeholder were consulted. This broad consultation thus tasked the Commission with dealing with a plethora of diverging views, all more or less favorable to a budgetary reform (Szemlér, Eriksson 2008).[117] However, at the end of the review process, the political climate had changed: The end of the review fell in the time of relevant election campaigns in EU member states, the beginning of the financial crisis and the election of a new College of Commissioners. Also, the publication of the recommendations of the EU Commission was delayed and when the

[117] Hagemann points to the paradox that the consultative process both towards the member states and interested parties of the civil society had the outcome that there was a broad favor towards the support of EU public goods through the budget. However, the question of what is a EU public good was answered very differently by the actors involved showing a lack of clarity what the EU budget should stand for Hagemann 2012, p. 30.

final report was published in the end of 2010 the political actors were already in the midst of negotiating the MFF 2014-20 (Hagemann 2012; Becker 2014a, pp. 315–317).

Treaty Change and Constitutionalization of the EU Budget. Parallel to the budgetary processes in the 2000s, the constitutional process – kicking off with the Laeken Declaration in December 2001 – opened a new window of opportunity for a reform of the EU budget. Different to the more citizenship-oriented and democracy-related issues covered in this process, the budgetary process was not of an overarching importance within the Constitutional Assembly. Only in two technical working groups the Convention worked on budgetary reforms.[118] In the end, the Convention's proposal reiterated by-and-large the structure of the EU's financial architecture but it also proposed some important changes both to the annual budget's decision-making procedure and the Multiannual Financial Framework. The most "revolutionary" change certainly was the proposal to shorten the MFF's duration to a five year period and to change the decision-making process inside the Council from unanimity to majority voting (Art. 54, Draft Treaty establishing a Constitution for Europe).[119] Regarding the annual budgetary procedure, a strong role of the EP was underlined and the procedure was to be simplified in approximating it to the ordinary legislative process. The changes in the voting procedure over the multi-annual frameworks, were however contested by the member states on the subsequent European Council. Similar to many other areas where the Convention proposed far-reaching reforms, the member states only approved a flattened reform project. In the case of the MFF, it was decided to keep unanimity but keeping a door open by including a "passerelle clause", invoking that unanimity could be abolished in case member states vote for it unanimously (Becker 2014a, pp. 309–312). Although among the 102 members of the Convention, parliamentary actors (from the national parliaments and the European Parliament) were well represented with 16 MEPs and 30 MPs, the parliamentary arm of the budgetary procedure was not significantly strengthened. Though the European Parliament gained a formal mention in the budgetary process and more influence in the decision of annual budgets, national parliaments lost their veto powers over the Own Resources Decision in the EU budget's revenue arm. The constitutional reforms, as they came into effect through the Lisbon Treaty in 2009, mostly formalized and institutionalized the reform paths which had been taken since the 1980s (in detail: chapter 5.2).

Forces shaping the EU Budget. The historical development of the EU budget underlines that reform was possible under specific conditions: A high level of conflict within a largely uncharted legal territory; the link of the EU budget to major integration projects so that net contributors agreed to side-payments in order to advance their national interests in non-budgetary fields.[120] The historical development equally shows that after a major and systemic change of the budgetary process a status quo orientation prevailed bringing about only incremental changes to the budgetary process. Therefore the recent budgetary frameworks have become much more status quo oriented and dispose only of marginal changes in comparison to the first framework in 1988 (Citi 2014; Neheider, Santos 2011, p. 639). This status quo orientation can be explained by two factors: Path

[118] Namely on the budgetary procedure and on own resources, see: http://european-convention.europa.eu/EN/doc_CIRCLE/doc_CIRCLE2352.html?lang=EN, accessed 19.11.2016.

[119] The full text of the Draft Treaty: http://european-convention.europa.eu/pdf/reg/en/03/cv00/cv00850.en03.pdf, accessed 19.11.2016.

[120] As it was for example the case with the Delors I package, where Germany accepted a higher contribution to the budget as it regarded the single market project as its vital interest Schild 2008, p. 545.

dependencies and institutionalization, and a significant increase of the number of veto players in the budgetary process.

The history of the EU budget shows a robust effect of budgetary institutions on the budget decision-making process it is therefore firstly characterizes by a strong *path dependency*. In this respect the initial set-up of this process was reiterated and only modestly changed, underlining the status quo orientation of the EU budget. Budgetary reform has been possible but under very specific circumstances. What can thus be counted among the "lessons learnt" from the budgetary conflicts and deals in the 1970s and 1980s for the EU budgetary process? Among the determinants for successful reform is the important role of the EU Commission as a driver and agenda-setter of reform, impersonated by personalities such as Jacques Delors. A further driver of reform is the member states' willingness to contribute to these reforms. As the first Delors budget plan showed, the willingness of Germany to contribute more to the budget in order to conclude the deal is an important element of the complex compromise structure inside the Council (Laffan 1997, p. 16). The EP in this respect contributed to the need for reform in demanding its – perceived as legitimate – position in budgetary decision-making. Furthermore, the linkage of budgetary politics to broader political projects should not be neglected – both as a possible driving force and as constraint of budgetary reform. The Delors packages showed that the Single Market project lead to a shift of political capital to the European Commission which was the driving force behind the SEA. This shift together with the political skills of its presidency consequently enabled a distinct framing of the budgetary reform which made possible the move towards the long-term financial perspective.

After the fundamental change of the budgetary procedure with the Delors I package in 1988 the budgetary process was introduced and only incrementally modified. These modifications were primarily achieved through processes of institutional learning (Becker 2014a, p. 321). Despite the fact that all actors recognize fundamental flaws of the budgetary system, a major reform was not possible due to high switching costs associated to every major change of the budgetary system (Lindner 2006). These switching costs are due to the institutionally complex set-up of the budgetary institutions and the practices that evolved around the budgetary process which lead to the formation of stable expectations of the actors in order to accommodate themselves within an imperfect system. This imperfect system over time created a system of stable expectations as all actors know where the others were standing, therefore preventing a change of the budgetary system.

This path dependent logic of the EU budget becomes particularly visible with respect to those budgetary structures and policy areas that today do not provide an significant added value in budgetary terms, such as the British rebate, the Common Agricultural Policy, or the maintenance of cohesion policy for those rural areas that are not economically dependent on these funds any longer (Schild 2008, p. 546). Although the need to better align the budgetary structure is recognized by all actors, an overhaul of the system did not prove feasible. This overall effect of a "lock-in" of EU budgeting rules is particularly significant, as budgetary structures prevail that were originally conceived and designed for six member states with relatively homogeneous interests (Lindner 2006).[121] However, once enacted, the more member states (acting as veto players) joined the

[121] This is particularly highlighted in the budgetary negotiations from the 2000s: As the structure of the budgetary framework was not significantly touched, the number of special provisions inflated in the past 10 years in order to enable a compromise inside the Council. Being already 13 of such provisions with the Agenda 2000 with the

budgetary negotiations the less adequate the process was to achieve a coherent budget and the more troublesome it got to change its major structures.

Despite the institutional path-dependencies and only incremental changes of the budgetary structure, budget negotiations display a high level of dynamism since they, secondly, reflect the *institutional power game* in the negotiation process. This can be attributed to the fact that an increasing number of member states forms part of in the budgetary process and dispose of a veto position. This consequently calls for budgetary bargains to secure every member states' support underlining the need for a dynamic conduct of negotiations (Neheider, Santos 2011, p. 631). On veto players it has already been stated that countries with many veto players generally dispose of problems in altering the structure of their budgets, as many diverging interests need to be accommodated to come to a final deal (Tsebelis, Chang 2004). Due to the high number of veto players within the EU budgetary process, which is currently disposing of 28 EU member states and the veto power of the European Parliament, veto player are particularly important for the budgetary process. Here, every participant disposes of a veto both between institutions (Council / EP) and within institutions (inside the Council). As EU budgetary decisions are perceived as particularly vital by all actors, they are more willing to use their blocking powers in order to push their respective interests in the budgetary deal (Lindner 2006, p. 188). This has been underlined in the history of budgetary negotiations by the many attempts of the European Parliament to use its veto rights on non-compulsory expenditure and by the introduction of the British rebate where the UK used it veto for a more favorable budgetary deal. These powers are however not only used to favor overarching interests and high politics but they are present on many different levels and used by all political actors participating in the budgetary process in order to push their respective key national interests. Therefore, the EU budgetary system has developed into a sophisticated system of side-payments and special provisions to cater for the singular interests of the different member states; be it the retention of phasing out programs for the East German regions as a prime interest of Germany, or the French and Romanian plea for a transitory support of capital regions in the cohesion funding.[122] These budgetary bargains were used to cope with the problem of veto players, however, the strict prohibition of indebting the EU budget, informal adoption and the retention of budgetary structures were used as means to forge support amongst member states. Also the European Parliament profited from these practices as it could use its threat of veto to gain modest transformations of the budget. In this respect, the community budget is the "product of successive intergovernmental side-payments made to facilitate integration or achieve consensus on certain policies" (Neheider, Santos 2011, pp. 631–632).

The institutional power game, secondly, is also shaped by the linkage between budgetary subfields, such as revenue and expenditure and between different policy areas. In this respect, linking the budgetary subfields – both on the revenue and expenditure level, and on the policy areas – are an important requirement for forging a deal. Therefore, both areas need to come together to find a lasting budgetary deal (Lindner 2006, pp. 180–183). As the Own Resources Decision largely rests with the member states, the European Parliament is only indirectly able to influence this area of the budget, while the Council has a strong potential to forge compromise. The preferences of

volume of 5.35 billion €, the Agenda 2007 disposed of 18 special provisions with the overall amount of more than 10 billion € Becker 2014a, p. 189.

[122] As voiced in the MFF 2014-2020 negotiations during a preparatory Council meeting on 24 April 2012 in Brussels, http://video.consilium.europa.eu/webcast.aspx?ticket=775-979-11155, accessed 19.11.2016.

budgetary actors are thus closely linked to their respective position inside the negotiation structures. Since nearly all budgetary actors dispose of a possible veto position, particularistic preferences need to be considered in the negotiations. As regards the achievement these preferences, the historical development of the institutional powers shows that in every reform step the Council was eager to keep its policy influence. As a consequence, this also led to the evolution of increasingly detailed budgets in order to leave as little room as possible for amendments from the side of the European Parliament, which nevertheless was strengthened as budget authority in the integration process.

From the historical perspective on the EU budget equally follows a further, more general, force shaping the EU budget's negotiations which is *conflict*. The EU budget is characterized by three major lines of conflict:[123] *First*, budgetary expenditure as such, the precise allocation of funds to the particular headings. The definition of what types of spending the EU budget should primarily cover, the expenditure conflict, is connected to the greater question of the "added value" of the EU budget. As there is no commonly agreed definition or understanding of what this added value is precisely, beyond the mere term of economic rationalization (Hagemann 2012). A *second* line of conflict is related to the question of the EU's revenue and net financial balances. This is mostly an intergovernmental conflict where the member states debate on how much one state should contribute to the EU budget. It also encompasses the interinstitutional conflict on what sources of revenue the EU's own resources should dispose of. This conflict line also points to the differences what member states contribute to the budget and what they receive in return from the its allocations. This debate on an equalization of payments to the EU stands for the main conflict in revenue debates regarding the EU budget (Neheider, Santos 2011, pp. 635–636).

A *third* conflict, finally, stands for the very nature of budgetary politics as they have always been a part of a broader European power game. Within this power game, the respective budgetary institutions aim at increasing their relative positions in the budgetary cycle in order to strengthen their overall position in the EU political system. Therefore, budgetary politics, are always characterized by a larger question and conflict over the institutional shape of the European Union and its political system (Becker 2014b, p. 29). Both the revenue and the expenditure conflict in the budgetary negotiations have the character of zero-sum games: What one group or budgetary heading gains, another group or heading loses. This "number-based" character of budgetary negotiations makes it possible to directly compare budgetary outcomes which has the potential to intensify rivalries between diverging positions and interests.[124] These conflicts are reinforced by the repetitive character of budget negotiations which take place in a regular manner lead to a forwarding of unresolved conflicts and budgetary gains and losses to the upcoming round of negotiations. Given the nature and these pattern of conflict and the deep beliefs on the nature and purpose of the European Union attached to answering these questions makes it more comprehensible that only incremental change was possible over the past decades of budgetary bargaining.

Budget negotiations in the European Union are characterized by many layers of conflict that are not only inter- and intra-institutional but also regard the future of the integration project and

[123] While Neheider Neheider, Santos 2011, pp. 635–636 distinguishes between two lines that are directly budget related, a third line is included here in order to reflect the overarching institutional conflicts connected to budgetary negotiations.

[124] It has often been noted that a number-based approach to the gains and losses of EU budgetary politics falls short of reality as macroeconomic effects are not taken into account (i.a. Gröning-von Thüna 2014).

member states' position therein. In this respect, the EU budget is a kaleidoscope of the many diverging perceptions and conflicts related to European integration more generally. National budget deliberations represent an important part of every national government's political agenda and are used by parliamentary actors to support or oppose the governments overall policy priorities. Contrarily, the EU budget in many respects still is a tool to control spending instead of shaping political priorities, largely building on a conflict of aims between the budgetary institutions.[125] This act of a strict control is similar to the harsh and detailed control parliamentary actors executed towards their governments in the early times of budgeting in order to not to give them much space to manoeuvre. This control is however not directed from parliamentary bodies to the executive but from the member states towards the supranational level. Control in this respect refers to the limitation of the European budget in order to impose strict ceilings on EU expenditure in order to control the EU level spending. This is also due to the fact to not create side-effects which could possibly further undermine the member states budgetary autonomy in their national political systems. The EU budget is thus characterized by a strong influence of particularistic territorial interests that are largely predetermined by established categories such as the member states position inside budgetary architecture (net payer vs. receiver), by its political system (e.g. strong committees, regional authorities, interest groups on national level), or by other formal or informal veto players (Hagemann 2012, pp. 25–26). This national territorial focus is different to national budgetary politics where the budget is shaped by specific party-political legislative initiatives that are shaped and legitimated by the governmental majority in parliament. Due to these structures and perceptions of the budgetary architecture different to national budgetary systems there is not overarching political consensus on the direction of the EU budget or the support of a however shaped overarching political priorities that are shaped by a governmental majority – what in the EU context is often referred to as "EU public good".

The diverging budgetary processes between national and supranational budgetary institutions prevail due to the nature of the EU as a multi-level political project. This is leading to a diverging conflict structure on the EU level and different perceptions of the budgetary process. Also the budgetary structure evolved differently than in national budgets' evolution as the EU budget until today covers only a low level of expenses since welfare politics and the classical founding parts of budgetary systems, defense and policing, are not a part of the EU budget. This again underlines the overarching ambiguity between the EU as international organization and the EU as a fully-fledged political system which becomes particularly visible in budgetary matters.

6.2 The EU Budgetary System Today

This part is dedicated to a concise look at the current budgetary structures in the European Union and the formal inclusion of representative actors inside the budgetary decision-making process. Today, the EU budgetary system is characterized by diverging modes and a multi-stage composition of its process, also as it comprises diverging legal instruments such as the Multi-annual Financial Framework and the Own Resources Decision that have a considerable impact on the actors' abilities to steer and influence this process.

[125] See for example: Becker 2010; Becker 2012a; Ferrer 2012a; Haug et al. 2011.

6.2.1 Budgetary Structures and Principles

The EU budget disposes of four major elements that together represent the EU budgetary architecture. Although its principle elements are similar to what national budget codes dispose of, their major difference is that the EU budgetary pillars are legally and procedurally divided and dispose of diverging actor constellations that are responsible for their decision.

The first element of the budgetary pillars is the EU's revenue which is raised through a system of own resources. Here, the objective is that the EU "shall provide itself with the means necessary to attain its objectives and carry through its policies" (Art. 311 TFEU). The second element is the Multi-annual Financial Framework, which for the first time was granted a constitutional position with the Treaty of Lisbon. The MFF is the de facto foundation of the EU's budgets, as it brings together all revenue and expenditure for (up to) seven consequent years in order to enable a stable financial planning (Art. 312 TFEU). The EU's annual budgets represent the third budgetary pillar, here the MFF's ceilings and provisions are filled with detailed and financially operative programs for every financial year. However, in terms of their political planning function annual budgets grant only minor possibilities for reallocations as the major budgetary lines are provided by the multi-annual frameworks. The final cornerstone of the budgetary debate is the Interinstitutional Agreements which are decided between the European Parliament, Council and European Commission and enable a joint interpretation of the budget. Although these pillars dispose of specific governing elements, they are highly interrelated (Becker 2014b, p. 29).

The three EU budgetary pillars are formally divided between the revenue and expenditure lines with diverging sets of processes and actors responsible. However, the two sources are linked through the multiannual frameworks that bring together the member states' dominated Own Resources Decision and the expenditure programs in form of the MFF Regulation (Becker 2014a, p. 93). Next to this formal-political linkage, the budgetary pillars are de facto linked as they are also used as part of the broader negotiation game by the actors involved (Becker 2014b, p. 29). In this respect, though both pillars need to be considered separately (chapter 6.2.1.), their interconnectedness in the budgetary cycle also needs to be acknowledged (chapter 6.2.2.).

The Union's general budgetary guidelines are more or less in line with the general principles of budgeting, however being adopted to the specific case of the EU's multi-level polity.[126] The EU's budgetary principles are mostly codified in the Treaty of Lisbon. Some concrete principles of the Unions' budget management are furthered by secondary legislation on financial rules where Council and Parliament decide on a more precise budget code (Art. 322 TFEU).[127] The major treaty-based principles of the EU budgetary architecture are the following:[128]

- *Unity and universality of the budget* (Art. 310 (1) TFEU); this principle adheres to the duty to list all budgetary expenses inside the annual budget in order to dispose of only one budgetary plan covering all revenues and expenditure.

[126] These most general budgetary guidelines have been summarized as: Accountability, annual basis, authoritativeness (as embeddedness in legal system), balance, common pooling of resources, comprehensiveness, performance, specificity, stability, transparency, unity Lienert 2013b, p. 71.

[127] The decision of the financial rules on the establishment and implementation of the budget are the only provisions inside the EU's primary budgetary architecture which are decided along the Ordinary Legislative Procedure Becker 2014a, p. 27.

[128] They are listed according to their appearance in the TFEU.

- *Equilibrium* (Art. 310 (1) TFEU) of the budget relates to the prohibition of the European Union to assume debt in order to fund its budget. In this respect, "the revenue and expenditure shown in the budget shall be in balance" (ibid). This is a major difference to nation-states' budget where the taking of debt it is a common principle to finance budgetary expenditure. This debt-ban relates the EU to other International Organizations where this principle is common.
- *Cost effectiveness* (Art. 310 (5) TFEU); this principle – which is also common in national budget codes – aims to foster cost benefit analysis of new budgetary relevant programs. The principle of cost effectiveness is furthermore complemented by the provision that no new political programs shall be enacted that cannot be financed through the MFF (Art. 310 (4) TFEU).
- *Annuity* (Art. 310; 313 TFEU) determines the financial year to be a calendar year spanning from 1st of January to 31st December of every year. This locking-up of the financial period evolved historically and is bound to prevent an unlawful extension of budgetary frameworks. The budgetary annuity however needs to respect the overall constraints of the multi-annual financial framework (Art. 312 TFEU).
- *Specificity* (Art. 312 (3) TFEU) in budgetary terms relates to the appropriation of budgetary funds according to their respective budgetary functions (functional headings). Consequently funds appropriated to a specific heading cannot be transferred to other headings. The transfer of non-used budgetary funds from one financial year to the next, however, is possible (Art. 316 TFEU).[129]
- *Currency* (Art 320 TFEU); the budget is supposed to be calculated and drawn in Euro.
- *Institutional cooperation* (Art. 324 TFEU); the Lisbon Treaty explicitly foresees regular meetings between the Presidents of the EU institutions (Commission, Parliament and Council) regarding budgetary matters with the aim of a harmonization of positions. It is thus an instrument of a Treaty-based coercion for cooperation.

The formal-legal context of the EU budgetary architecture has many different layers from primary legislation to implementing decisions, some of which have already been mentioned above. First of all, all parts of the budgetary system need to adhere to the above mentioned budgetary principles which have a quasi-constitutional position due to their statutory basis in EU primary law. Further elements of the budgetary system which have a basis in primary legislation are the budgetary procedure regarding the multi-annual financial frameworks (Art. 314 TFEU); and the annual budgets; the Union's financing through own resources (Art. 311 TFEU) and the budget's execution and implementation (Art. 317 TFEU). Furthermore, the Lisbon Treaty relates to supplementary rules with respect to financial regulations (Art. 322 (1) TFEU) and a provision on combating fraud on the EU and member states' levels (Art. 325 TFEU).[130]

Further budgetary policies are codified in secondary legislation and Interinstitutional Agreements. This relates for example to the implementation of the Own Resources Decisions in the Council or the enactment of the financial regulation (budget code) between Council and European Parliament

[129] Apart from funds that are related to staff expenditure (Art. 316 TFEU).

[130] Some specific aspects of budgetary governance are furthermore codified in the Treaty of the European Union with respect to the Common Foreign and Security Policy, the possible budgetary effects of enhanced cooperation and budgetary consequences of some member states opt-outs of common policies (more in detail here: European Commission 2015c, pp. 121–122).

through the Ordinary Legislative Procedure. This financial regulation contains among others the rules that govern financial management, control and audit.[131] It is thus a powerful tool to shape the factual framework of budgetary decisions (Ronnecker 2009, pp. 77–81; European Commission 2015c, pp. 122–126). Interinstitutional Agreements have been of less importance with the Treaty of Lisbon, as the MFF has been included in the EU's primary law. However, they are still used to ease conflicts between the institutions.[132]

The Revenue Side

The EU revenue system is a striking example on the ambiguity of the European Union between being a fully-fledged political system and an International Organization. Most generally Art. 3 (6) TEU assumes that the "Union shall pursue its objectives by appropriate means commensurate with the competences which are conferred upon it in the Treaties". In this respect, the EU revenue system shall be in line with and support the broader principles and policy objectives of the European Union. This is repeated and spelled out in more detail in the TFEU:

> "The Union shall provide itself with the means necessary to attain its objectives and carry through its policies. Without prejudice to other revenue, the budget shall be financed wholly from own resources" (Art. 311 TFEU).

But although the EU should finance its policies independently through own resources, it does not dispose of a tax authority, which means that – different to the ECSC in the early years of integration – the EU is not able to levy funds independently. Different to member states budgets where revenue is determined by the quasi-automatic nature through taxation, the EU's revenue is determined in a political decision (Finanzwirtschaftliches Forschungsinstitut an der Universität Köln 2016). Therefore the EU's own resources are quasi-automatic resources made available through the member states. Different to International Organizations, which rely on a contribution system, the EU's own resources decision enables the Union to levy its funds automatically within the context of the own resources ceiling as member states have the legal obligation to make available the funds according to the OR Decision. It is thus this automaticity of own resources that distinguishes the EU from other International Organizations (European Commission 2015c).

The term "own resources" itself is not specifically defined in the Treaties. Neither is there a definition of what precise sources of revenue could or should be considered. Only the mode of decision-making to decide on the sources and composition of own resources is stated in the EU's primary legislation (Art. 311 TFEU). Nevertheless, the composition of the own resources is highly path dependent, as the EU's own resources system is characterized by a complex system of different revenue sources that in total make up the EU's own resources system. Among those complex streams, today more than 90% of this revenue, however, comes directly from member states' contributions (see figure 6.1, p.107). The EU's revenue system thus creates a dense link between the member states financial and political interests and the supranational spending decision, thus nicely reflecting the double-headed nature of the EU's political system between supranational

[131] For example the latest financial regulation (966/2012) had for object to simplify the access to EU funds in the member states, its oversight structures are strengthened in order to control that money is spent properly, and funding opportunities are enlarged to guarantees, loans in order to strengthen public private partnerships European Commission 2015c, pp. 124–125.

[132] For example in the context of the latest MFF, an IIA was concluded on budgetary discipline. It is namely the „The Interinstitutional Agreement on budgetary discipline, on cooperation in budgetary matters and on sound financial management" and was concluded on 2 December 2013 together with the final decision on the Multi-Annual Financial Framework 2014-2020.

and intergovernmental interests (Tömmel 2003). The EU's own resources system in this respect underlines the area of conflict between supranational autonomy and member state control and the broader question of budgetary autonomy as one major category of a state-like functioning.

An overview on the sources of the EU's OR system shows that member states' contributions have been steeply increasing since their introduction (see figure 6.1). As member states' contributions are counted the VAT rate and the GNI rate.[133] After the introduction of the first member states' resource, the VAT resource in 1979, it rose within eight years from disposing of 31.8% of the budget to 66% of the budget in 1986 (Raddatz 2002, p. 29). Same happened after the introduction of the GNI resource that today represents 73.6% of the EU's annual budget. Together with the VAT resource member states' contributions amount to a total of 86.8% (in 2014) (European Commission 2014, p. 24).

The formal-legal framework for the determination of the EU's own resources system has barely changed over the years. The amount and composition of the own resources are decided in the Own Resources Decision and a number of implementing decisions. The calculation of the sources is equally determined here. The ORD formally defines the overall ceiling of appropriations, the EU is at most able to spend. It thus determines the maximum amount member states need to endow the Union with without implementing a new Decision. Furthermore, the ORD defines the categories of own resources and their composition. It thus spells out the details regarding the precise calculation of the own resources ceiling, for example the manifold rebates member states negotiate for themselves or the ceiling up to which the VAT resource is leveraged. The ORD furthermore states that the Union's revenues are decided according to a "special legislative procedure" (Art. 311 TFEU) where the member states have to agree unanimously after consulting the European Parliament. The right to initiative lies with the European Commission. After the formal decision of the ORD in the Council, it has furthermore to be approved in the EU member states, which most often means a vote of consent by national parliaments. In Germany, the Bundestag has to approve the Own Resources Decision. Therefore the final electoral representation and legitimation of the EU's own resources does not lie with supranational bodies but with national representative institutions. In this respect the Own Resources Decision reflects one of the few remaining purely intergovernmental procedures in the European Union. It has thus also been described as "a 'Treaty' within the Treaties" (Cipriani 2014, p. 8) which is negotiated every seven years. So far, seven Own Resources Decisions have been taken since 1970 where own resources were introduced to replace the direct member state contributions. The latest own resources decision has been taken together with the decision on the MFF 2014-2020 in May 2014 after the conclusion of the MFF in December 2013 (Council of the European Union 2014). According to this latest ORD, the Union may cover appropriations for payments up to a sum of 1.23% of the Union's GNI (ibid. pp. 9). It has been set at 1.23 of the EU's GNI since 2002, while before disposing of ceiling at 1.27 since 1999.

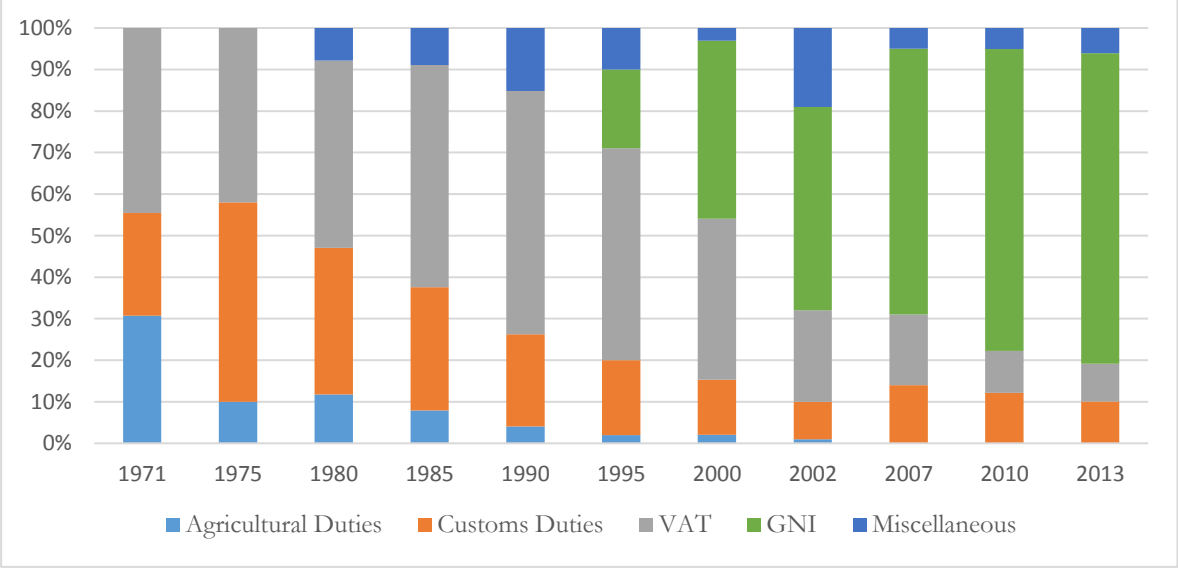
In order to better understand the system of own resources, the components of this system will be briefly touched in the following: The so called traditional own resources (TOR) play an ever decreasing role in the EU's mix of own resources. In the 2014 annual budget, they only made up 12% of the budget (European Commission 2014, p. 24). This category of own resources are the

[133] The GNI rate was set up as a "residual resource" European Commission 2015c, p. 131 – today, however, it represents the bulk of the EU's revenue. Both streams of revenue represent the move to couple the financing of the Union to the economic performance of its member states.

oldest forms of financing the EU budget. It consists of sugar levies and customs duties, which both for practical and legal reasons are not attributable to member states (European Commission 2015c, p. 128).[134] However, due to the increasing number of free trade agreements, that consist of a phasing out of tariff lines, their importance has been decreasing and will furthermore decrease both in absolute and relative numbers.

The second bulk of the EU's financing, the VAT rate is a special form of member states contribution. It had the aim to channel member states contributions to the EU budget according to their economic well-being, which is reflected by the consumption rate in the respective member states. The VAT rate is calculated independently along a complicated harmonized VAT base and administered by the member states, which is why they are eligible to retain 20% of the collection costs for their administrative expenses.[135] In order to cater for divergences in the consumption characteristics and habits between the member states, the VAT rates' calculation is restricted to 50% of the national GNP (Becker 2014a, p. 37). Today, the VAT ceiling is at 0.3% of the harmonized European VAT base (Council of the European Union 2014). It has diminished considerably, from 1% at its introduction and 1.4% in the 1980s respectively. This decline was due to the fast that the GNI resource was regarded as leading to a more equal distribution of budgetary funds between the member states and was thus favored over the VAT resource.

Figure 6.1: Development of EU own resources after sources of revenue.



Sources: 1971-2002: (Lindner 2006, p. 220); 2007-2013: http://ec.europa.eu/budget/figures/index_en.cfm, accessed 24.11.2016. Miscellaneous funds are i.a. fines or contributions from EU staff.

The GNI based resource, finally, represents the biggest share of the EU budget today. As to its overall value for the EU budgetary system, there are different perceptions: On the one hand it proves to be a reliable and fair own resource that enables a stable source of income to the EU budget. In its construction along the EU's GNI it furthermore reflects member states economic well-being and sets their economic strength as a yardstick for their contributions to the EU budget

[134] This is due to the so-called „Rotterdam-Antwerp effect", as most duties and levies are collected in the major ports of Belgium and the Netherlands but the then transacted goods are used and consumed within the totality of the Single Market. In this respect, customs duties and levies characterize a real European revenue with the EU being the legitimate institution receiving these revenues.

[135] The collection cost rate has been 25% during the Agenda 2007 and was criticized by the EU Commission as a hidden correction mechanism European Commission 2011f, p. 12.

(Becker 2014a, p. 40; Begg et al. 2008, p. 10; German Federal Ministry of Finances 10th 2014). On the other hand it has been criticized as feeding to the tendency of member states to only perceive their immediate return from "their" contributions (Sapir 2003, p. 165; European Parliament 2007a; Selle 2015). As the GNI resource is used in the EU's revenue architecture as a top up-resource to stabilize the budget against external developments, there is no particular limit on the rate the GNI resource represents in the budget (European Commission 2015c, p. 132). However, the maximum own resources ceiling of 1.23% of GNI is practically not reached due to the constraints on the precise payment appropriations fixed in the expenditure side of the budget, again highlighting the interdepencies between revenue and expenditure programs (see below). Thus, for example in 2012 the actual rate call of the GNI resource was at 0.76% of the EU GNI (Becker 2014a, p. 40).

Finally, correction mechanisms are equally codified in the Own Resources Decision. They make up an integral part of budgetary negotiations on the revenue side of the EU's budget. The possibility of demanding a reduction of the respective member states' budgetary share dates back to the Fontainebleau summit in 1984 where it was concluded that

> "any Member State sustaining a budgetary burden which is excessive in relation to its relative prosperity may benefit from a correction at the appropriate time" (European Council 1984).

Today, an increasing number of correction mechanisms can be witnessed (see figure 6.2). The first and most known one is the UK rebate which was negotiated under the Prime Minister Margaret Thatcher at the 1984 Fontainebleau Summit. The main argument of the British government at that time was that they would receive less from the Community budget due to the then structure of the budget which was largely centered on agriculture.[136] As the UK rebate is the only rebate which is codified on a permanent basis, it has not been possible to alter it until today, although the UK is both more economically successful than at the time of its EU accession and that the program structure of the EU budget changed, too.

Figure 6.2: Specific correction arrangements applicable to member states (MFF 2014-2020)

	Capping of the VAT base to 50% of GNI (2014)	Reduced call rate of the VAT based resource	Reduced GNI contribution	Rebates	Reduced participation in bearing UK rebate's cost
Croatia	X				
Cyprus	X				
Denmark			X		
Germany		X			X
Luxembourg	X				
Malta	X				
Netherlands		X	X		X
Austria			X		X
Slovenia	X				

[136] The UK rebate since then consists of reducing by two-thirds the balance between the United Kingdom's contribution to the budget and EU payments to this country Cipriani 2014, p. 8.

Sweden		X	X		X
United Kingdom				X	

Source: (Cipriani 2014, p. 19)

Regarding long term effects of the UK correction mechanism, it can be concluded that not only the UK pays today less than other member states but also that the "UK rebate has opened the floodgates of member states' claims to reduce their contributions on the basis of the same arguments" (Cipriani 2014, p. 17).

Historically, the EU's own resources represent the part of the budget that resisted any meaningful attempt of strengthening a supranational, parliamentary influence. Different to the Multi-annual Financial Framework and the annual budgetary procedure, the process regulating the Own Resources Decision remained the same over the years. This possibility of an ultimate veto on the EU's revenues enables the member states to stay in the driving seat of EU budgetary politics as the budget's revenue is the yardstick for budgetary policies in the European Union. Consequently, both the principle of balanced budget together with the intergovernmental and unanimous Own Resources Decision is a tool to keep national governments and their respective parliaments as final budget authorities since the EU's revenue ceiling must be explicitly cleared through national governments and their parliaments.

The historical expectation to transform the EU budget into a tool to build a sovereign EU political system in making it financially independent through the creation of the own resources system did not match reality. As member states contributions play a major role of the EU's financing system, manifold exceptions of the EU budget were made possible through this system while at the same time not making it prone to reform. Consequently, the calculation of budgetary balances more than ever plays a major role in budgetary negotiations in the EU. This is further reinforced through the structure of the EU budget, today (see figure 6.1, p.107). In the ORD, the chain of legitimation is not a supranational one, where the institutional triangle on the EU level is accountable for decisions but it is the member states and with them their national parliaments that have to give their accord to the Union's revenue pillar. It relies on the national territorial channel of representation.

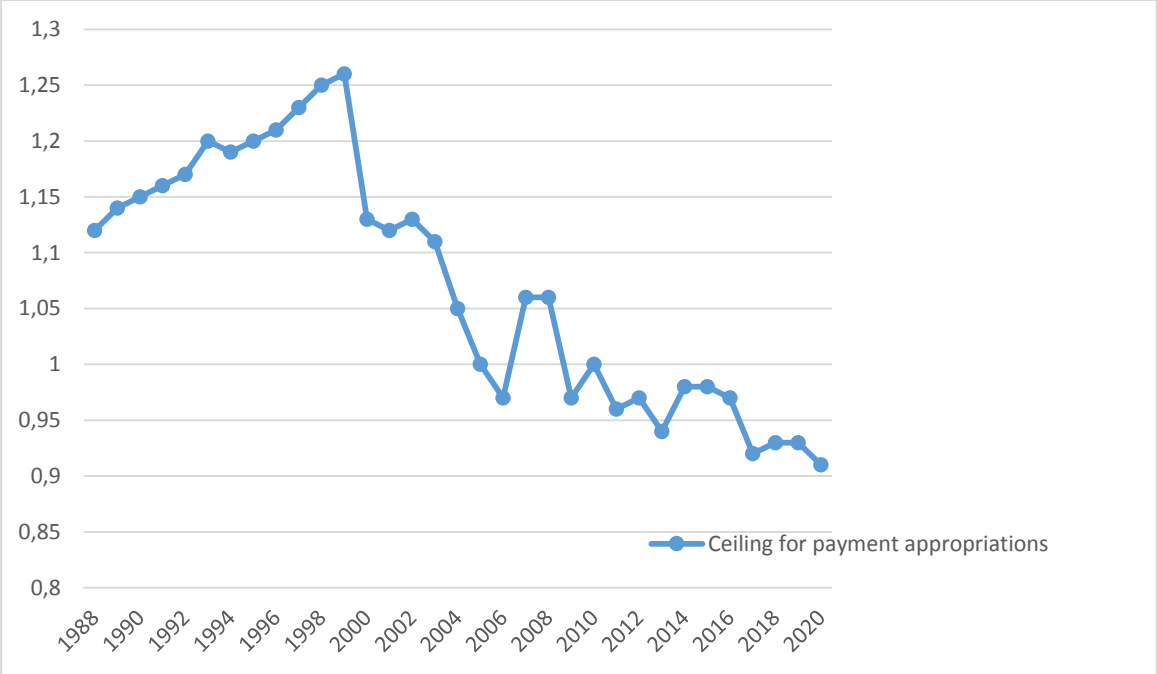
The Expenditure Side

As all EU expenditure has to respect the overall revenue ceilings determined in the Own Resources Decision, the margin for maneuver with regard to the expenditure programs is more limited. Because of the strict limits towards the ceiling of expenditure, budgetary expenditure is differentiated into two categories: Commitment appropriations and payment appropriations. Commitment appropriations represent the legal pledges to provide financing to the manifold programs the EU supports with its budget. However, as these projects often span over more than one annual budget, payment appropriations represent the actual payments to those programs that are executed. Due to the multi-annual programming structure and since not all funded programs will be carried out in the end, the margin for payment appropriations is lower than for commitments. Therefore, in order to assess the nature of actual spending through the EU budget, it is the payment appropriations which have to be regarded. They have been to a steady decline over the past 25 years (see figure 6.3).

While the EU's expenditure has been steadily and drastically increasing in absolute numbers since the 1950s,[137] so did the number of member states and the extent of policy areas covered by the budget. The relative ceilings for payments measured against the share of the Union's GNI spent underline a steady decrease of the amount made available to the European Union: While the ceiling for payments was at around 1.20% of the GNI in the 1990s, it is below 1% since the 2010s.

While the EU's revenue is largely spelled out in one document, the Own Resources Decision, the expenditure side of the EU budget relates both to the Multi-annual Financial Framework, to the annual budgets and to countless implementing regulations on the respective funding programs that spell out the financially relevant spending decisions. While the MFF is the overarching budgetary institutions to support an "orderly" development of public finances (Art. 312 TFEU), the annual budget is where the precise spending arrangements are taken for every financial year. In the following, emphasis will be put on the MFF as overarching instrument to determine the EU's expenditure.

Figure 6.3: Development Ceilings for Payment Appropriations (1988-2020)



Source: (European Commission 2015c, pp. 36, 48, 63, 85); (European Commission 2014, p. 7)

Multi-annual structures of financial planning are not just an invention of Jacques Delors with the first MFF in 1988. Indeed, many nation states today dispose of some forms of medium-term, perennial planning in order to contain the budget and enable a more long-term oriented budgetary forecast.[138] This proves valuable against the background that annual budgetary decisions are often overlaid with rather shortsighted (party-political) decisions that may impede on longer term future interests and strategic budgetary planning (see also Molander 2001 #1455: 43}; Lienert 2013a, p. 120). Medium-term frameworks have the advantage that their top-down approach[139] has a positive

[137] From 7.3 Million Euro in 1958 to 144.3 Billion Euro in 2013 Becker 2014a, p. 47.

[138] By 2008 132 countries had some form of medium-term planning tools.

[139] Top-down approach refers to the budgetary design which is determined according to the overall economic forecast where expenditure margins are set from the overall expenditure ceilings under which the policy programs have to be arranged.

impact on fiscal discipline (see: World Bank, cited in Brumby, Hemming 2013, p. 221). Due to a more realistic, long-term assessment of the resources available, budgets become more credible, they may lead to an improved quality and better spending priorities. In the EU, medium-term frameworks are widely used today, though to different degrees. While Sweden disposes of a tri-annual framework that fixes binding ceilings for state expenditure, Germany disposes of a financial plan which is presented by the government on a yearly basis but has no legally binding character (Wehner 2010; Molander 2001, p. 34).

While multi-annual budgeting is a prevalent tool in most European countries, the EU's multi-annual financial framework disposes of some specificities: First, its expenditure ceilings are not directly linked to an economic forecast in order to determine the overall expenditure ceiling, as the MFF's ceilings are determined politically by the EU member states within the ORD. Second, the current financial period of seven years is rather long in comparison to other medium-term frameworks which most often dispose of a three-year rolling plan that covers the current budget and the two following years (Brumby, Hemming 2013, p. 221). Third, in terms of financial sustainability, the EU's multi-annual financial framework does not run the risk of countering fiscal consolidation since it is statutorily not allowed to go into debt.

With the Treaty of Lisbon, the Multi-annual Financial Framework has been legally upgraded and is now decided in the form of a Regulation (Art. 312 (2) TFEU). However, the decision-making process towards the MFF-Regulation is based on a special legislative procedure where the Council decides unanimously after receiving the consent of the European Parliament. This procedure has changed with the Lisbon Treaty as the consent to the MFF Regulation inside the Council has to be superseded by a vote of consent from the European Parliament. It adopts the Regulation with a majority of its component members (absolute majority). In the pre-Lisbon era, the EP simply had a final "take it or leave it" vote after the conclusion in the Council. This consent of the European Parliament before the Council takes its final position is regarded to give the EP more bargaining space (Benedetto 2013, p. 353). Therefore the Lisbon reforms on the expenditure side not only entailed an upgrading of the formal MFF process in terms of concluding a Regulation instead of an IIA and it also gave the EP more informal bargaining space. Different to the Interinstitutional Agreements, which codified the MFFs before the Treaty of Lisbon, national parliaments do not ratify the MFF any longer (Benedetto 2015, p. 4).

Given the complications connected with budgetary bargaining under the condition of unanimity, the Treaty explicitly provides for a so called "passerelle clause" where the European Council might decide unanimously to authorize the Council to adopt the MFF regulation with a qualified majority. In that case, national parliaments have the power to veto the application of the clause (Art. 48 (7) TEU). In light of the contentiousness of budgetary decisions and the vital national interests connected with budgetary deals, it seems rather unlikely that the clause is invoked in the near future. Interestingly, the Treaty of Lisbon furthermore explicitly prompts the EU institutions to cooperate in budgetary matters:

> "Throughout the procedure leading to the adoption of the financial framework, the European Parliament, the Council and the Commission shall take any measure necessary to facilitate its adoption." (Art. 312 (5) TFEU)

Given the fact that this is already reiterated in other parts of the Treaty (i.a. Art. 13 (2) TEU; Art. 294 TFEU), the emphasis is remarkable, but inserts itself in the development of the budgetary framework and its high levels of conflict. In the case of non-agreement, the Treaty foresees that the earlier framework's ceilings and provisions are extended (Art. 312 (4) TFEU). The execution

of the MFF, furthermore, is not only linked to the annual budget but also to specific regulations on overarching rules and provisions regarding sectoral funding programs (such as external action, agricultural programs and research and innovation policies) (European Commission 2015c, p. 125). These sectoral regulations are decided in the Ordinary Legislative Procedure between the European Parliament and the Council. Therefore, it is the MFF that should be studied with respect to the parliamentary budget authority, as here the political priorities are taken.

As what regards the composition of the MFF, the Treaty makes some rather general remarks (Art. 312 (3) TFEU): It shall contain the annual ceilings for commitments by categories of expenditure and the annual ceilings for payment appropriations. Furthermore, the categories of expenditure should correspond to the major policy areas of the Union. Regarding its duration, the Treaty stipulates that the MFF should "at least" run over five years, it thus explicitly opens the possibility to shorten the budget's duration and to adjust it to the political lifecycles of the EU institutions, as it was the case under first financial framework.

In light of the nature of the negotiation process and the conflicting interests involved, the MFF has developed in a sophisticated and complex budgetary tool which codifies budgetary decisions down to a very detailed, technical level. This is on the one hand due to the negotiation process, as under unanimity the manifold side-payments that enable the final compromise need to be codified in the final MFF decision. Furthermore, from an institutional point of view, the conflict between the Council and the European Parliament over the budgetary authority taught the Council to legally determine detailed line items in order to leave as little room for maneuver to the European Parliament as possible. Although the Treaty provisions provide for another reading, the MFF is de facto the primary budgetary planning tool which determines broad political priorities by codifying the budgetary ceilings for commitments and payments.

The official aim of the EU's expenditure is to mirror the major policy areas of the European Union in its budget (Art. 312 (3) TFEU). Thus, similar to national budgets, the EU budget is supposed to reflect the political priorities of the Union. However, the expenditure programs of the EU do not necessarily reflect today's policy objectives of the Union: 38% of the MFF 2014-20 are dedicated to agricultural policy; cohesion policy disposes of 33%, while competitiveness and growth policies (13%) and external policies (6%) lack behind (European Commission 2014, p. 9). This structure again highlights the historical path dependencies and package deals in the EU's expenditure system. Agricultural policies – though being widely perceived as a phase-out model (i.a. Ferrer 2012b; Gros 2008) – absorb the greatest part of the budget. However, it has to be noted equally that some major policy areas of the Union, such as Internal Market and competition policies are not financially intensive and thus their continuation depends only to a very small amount (administrative funding) on the EU budget. Furthermore, the most relevant budgetary priorities of the Union are shared between national and European levels and are most often financed by member states alone (i.a. social redistribution, infrastructure and security policies). In this respect, the added value of the EU budget is that EU expenditure should create economies of scale and spill-over effects that cannot be generated on the national level alone, which is particularly supported by the European Commission (Heinemann 2005, pp. 37–38). In some areas, the EU budget already represents such an integrative budget in terms of supporting growth policies or in supporting Europe-wide mobility programs. However, this is only a small part of the EU budget (Ronnecker 2009, pp. 92–94). As some member states benefit from specific financial programs more than others, the net payer logic led to a very complex system where the distributive effects of specific budgetary programs are

weighed against each other – mostly in the CAP and cohesion policies – as shifts between the member states also imply changes in the redistribution level of the EU's expenditure (Heinemann 2005, pp. 30–36)

Overall, the process set to decide on the EU's budgetary expenditure can be considered as being more or less shared between the representative institutions of the Council and the European Parliament. While the Council is formally in a stronger position as what regards the setting of priorities through the adoption of the multi-annual financial framework, the European Parliament has more influence as what regards the day-to-day management and configuration of detailed budgetary decisions through the annual budgetary procedure and manifold implementing regulations where the European Parliament is on a par with the Council through the OLP.

The academic assessment of the constitutional reforms taken with the Lisbon Treaty range from appraisals as major integration step to perceptions of a "business as usual". Benedetto (2015, p. 2) highlights the stark changes to the annual budget procedure and the constitutionalization of the MFF in describing the Lisbon reforms as the "most significant [treaty; LS] since the budget treaties of 1970 and 1975 (ibid., 40). Others describe the Lisbon reforms, despite its quasi-constitutional nature, as mostly cosmetics and as a mere legal codification of reforms taken before without disposing of major changes to the process or the institutional balance (Lindner 2006, p. 211; Becker 2014a, p. 312). Notwithstanding the content of reforms pursued with the Lisbon Treaty, the de facto constitutionalization of the budgetary procedure is an important step of the EU's position and perception as a "normal" political system. The constitutionalization largely proceeded along the historical paths of institutional development and underlining the status quo orientation of the EU budget (Schild 2008, p. 532). The vague Treaty provisions in this respect again left interpretative space for the political actors, depending on their perceptions and interests inside the EU political system.

6.2.2 The EU Budgetary Policy Cycle

After giving an overview on the formal-legal provisions of the EU's revenue and expenditure decision-making, the sequences of these decisions shall be taken into consideration in the following. The budgetary policy cycle – similar to the general EU policy cycle (see i.a. Beichelt 2015, p. 45; Maurer 2012, p. 49) – is understood as an interlinked process where the division between European and national political processes is not particularly productive any longer. Similar to the characterization of the general and ideal-typical budgetary policy process above, this part aims at both tracing the formal process of budgetary decision-making and its contents, i.e. the tasks budgetary actors perform along this process with respect to both the Multiannual Financial Framework and the Own Resources Decision. Following the broader research interest of this work, emphasis will be put particularly on the procedural and substantive inclusion of parliamentary actors on the budgetary policy cycle.

The EU budgetary policy cycle will be thus divided in four major phases (following i.a. Becker 2014a, pp. 99–105): The first phase represents the agenda-setting phase with the presentation of the draft budget by the EU Commission; the second phase relates to the negotiations inside the Council; the third phase covers the negotiations between the Council and the European Parliament and the formal adoption of the budget; and the fourth phase covers the implementation of the budget. Different to national budgetary cycles that largely mirror legislative procedures first inside government and then between government and parliament, the EU budgetary policy cycle disposes

of one further formulation phase within the Council as budgetary institution before the negotiations between the EU institutions are conducted.

Commission proposal. The European Commission presents the first draft of the MFF Regulation, together with a draft Own Resources Decision and the respectively accompanying technical documents. This is the starting point of the budgetary procedure. As the Commission presents both the MFFR draft and the ORD, revenue and expenditure strands of the budget are in the same hands and coordinated accordingly. The Commission equally has the power to amend its draft budget along the process. With regard to the time frame, the draft MFF Regulation is most often presented roughly two years before the expiration of the current framework, knowing that the negotiations on the successive regulation will take time and arduous negotiations. The time frame of presenting a first draft is not statutory in the Treaties, however the Interinstitutional Agreements and the most recent MFF Regulations incorporate a date before which the European Commission should present its draft.[140] Inside the Commission, the decision-making process is formally based on the principle of collectivity as the College of Commissioners usually decides in consensus and takes responsibility of acts taken in a collegial manner (European Commission 2011e). The internal drafting of the budget has taken different forms over the years and bears a distinct conflict potential between the respective Commissioners. While a bottom-up approach prevailed in the 2000s, the last Multi-annual Financial Framework was decided along a top-down approach. In any case it is those Commissioners that are particularly touched by the EU budget (such as agriculture and cohesion) that dispose of a particularly strong position inside the College of Commissioners.

Despite the Commission's agenda-setting power, its draft budgetary proposal does not come from thin air: Since both the EP and the member states dispose of a veto position, the Commission draft needs to take into account their respective positions. Therefore, both the European Parliament and the member states increasingly use their influence in advance of the presentation of the draft budget. Both legislative institutions are eager to formulate their respective preferences in advance of the Commission's draft proposal in order to exert influence on the agenda-setting power of the Commission. Also, the European Commission used several occasions to perform budget reviews in order to gain insights on the future structure of the EU budget. The EP plenary holds a first initial debate on the Commission proposal before transferring the proposal to the Budget Committee. In the Council, the General Affairs Council takes the lead. At the same time when being presented to the two legislative institutions, the draft texts on the EU budget are also forwarded to the national parliaments according to the TEU Protocol No. 1. In this respect NPs have the possibility to check whether the draft complies with the principle of subsidiarity. Furthermore, the subsidiarity check gives them the formal right to voice their opinion as the Commission has the duty to "consult widely" before proposing legislative acts (Art. 2 Protocol No. 2 TEU).

Formally, the European Commission is only confined to the introduction of the draft budget (MFF regulation and annual budget) to the Council and Parliament (Art. 312; 314 TFEU). However, both this power of initiative and the technical and budgetary expertise to calculate of the manifold programs in the Multi-annual Financial Framework gives the COM an important position in the budgetary process. It thus disposes of the power – if the budget is cleverly drafted – to significantly

[140] Art. 25 Council of the European Union 2013; Art. 30 European Union 2006.

influence the direction of the negotiations (Ronnecker 2009, p. 60). Due its technical knowledge the Commission is in the position of being an important broker between the Council and Parliament. However, this brokerage role has been filled with diverging degrees by the respective European Commissions.

Council deliberation. After the Commission's proposal, the negotiations inside the Council begin. Here, the member states deliberate both on the MFF Regulation and on the Own Resources Decision. In this phase, national parliaments are tasked to control their respective government's actions in the Council. The Council phase brings together both revenue and expenditure sides of the EU budget – its decision-making process resembles well-rehearsed sequences of a political power play. In the first phase of these intra-Council deliberations, technical level negotiations kick off, which are complemented by political oversight and coordination through the General Affairs Council (GAC). The Council is able to amend the Commission's draft proposal. However, it has to keep in mind the final consent of the European Parliament and the technical, budgetary expertise of the EU Commission as being the drafting institution (Becker 2014a, pp. 99–105). The policy process inside the Council is characterized by bilateral and multilateral working groups both on the technical and political level that keep a close contact to the national ministries and have to inform their respective parliaments. The negotiations are not headed by ECOFIN, the finance committee, as it is the case in national budgetary affairs which displays the anchorage of the dossier as an overarching horizontal issue of EU integration being thus comprised by the respective ministers of Foreign or European Affairs. A permanent political coordination between the meetings of the GAC is assured by the Council's preparatory body the Committee of the Permanent Representatives (COREPER) which comprises in its COREPER II composition the respective heads of mission of the member states to the EU.

The working style inside the Council is characterized by a partition of the MFF into the different policy areas which are then negotiated separately. In this respect, close contacts to the national ministries in charge of the respective MFF headings are maintained. In order to assemble these technical and policy-specific debates, a further coordinating function on the working level is taken by the informal group of the "Friends of the Presidency". The group aims to support the respective rotating Presidency to organize the negotiation process in coordinating and streamlining the manifold technical discussions with respect to their overall inclusion in the negotiations.

For the German case, the Ministry of Foreign Affairs (Auswärtiges Amt) is leading the negotiations. It reports to the European Affairs Committee in the Bundestag which is the leading committee on EU budgetary issues, while the budget committee may contribute its position. Next to the Foreign Office, most other German ministries, most intensively the Finance Ministry and the Agricultural Ministry, are involved in the stream-lining of decisions and the steering of the negotiation process inside the German government. Although national parliaments are not formally involved in the formulation phase of the MFFR or ORD, they are indeed informed on the decision-making process through the European institutions (according to TEU provisions) and through their national governments (in the case of Germany according to the EUZBBG). Furthermore, national parliaments have the right to scrutinize the propositions according to their subsidiarity control function (see table 6.4). In this context, national parliaments have a time frame of eight weeks to scrutinize the propositions and hence can direct attention to possible breaches of the subsidiarity principle (Protocol No. 2, TFEU).

Despite the detailed steering process inside the Council, it is clear from the beginning that the MFF deal will not be agreed on inside the Council, although it is formally responsible for this decision (Art. 312 TFEU). This leaves the final conflict resolution with the European Council which on the one hand is part of the orchestration of the budgetary deals but on the other hand provides legitimacy for these budgetary decisions on the highest political level in order to enable a binding resolution of the partly fierce conflicts around the MFF. This legitimacy is important, as the negotiating position of each member state is more or less fixed before the MFF negotiations start, which is why there is very few room for maneuver exists during the negotiations (Hagemann 2012). This not only makes it difficult to embark on new priorities but also underlines the need for a conflict resolution on the highest political level in order to make a deal politically lasting and legitimate. As part of this orchestration of decision-making it has crystallized that not only the final compromise comes at the latest possible date, but also that a first European Council has to fail before a final deal is brokered in night-long and arduous negotiations between the Heads of State and Government (Becker 2014a, p. 101). This final compromise inside the European Council represents the end point of negotiations among the member states. It comprises the political compromise on the MFF ceilings, expenditure priorities and even detailed yearly contributions to the headings, furthermore it also reflects the political compromise on the structure of the own resources system. The European Council decision is then formally confirmed by the Council and represents the starting point to find a compromise with the European Parliament and to flesh out the legal text of the Own Resources Decision. From a temporal perspective, the negotiations inside the Council constitute by far the longest phase of the EU budgetary policy cycle. Also the final rounds inside the European Council being characterized by a high media interest due to the highly politicized context of negotiations.

Inter-institutional deliberation and adoption. While the Own Resources Decision is negotiated in the Council only and therefore is adopted at the end of the Council formulation phase accordingly, the MFFR is subject to a vote of consent of the European Parliament. This legislative procedure on determining the final shape of the MFF regulation is the moment where both EU budget authorities come together disposing of respective veto powers. Here, the Treaty of Lisbon entailed giving the EP a vote of consent *before* the Council adopts its final position. This consent of the European Parliament before the Council takes its final position has been regarded as giving the EP more bargaining space in the interinstitutional negotiations (Benedetto 2013, p. 353). Indeed, the EP has full rights of amendment once the MFFR reaches the floor of the parliament, but its bargaining position is nevertheless limited as it can only formally propose amendments once a political deal is reached in the Council and it is highly unlikely that major elements of this political deal may be reopened (Schild 2008, p. 543). Therefore, the budgetary process weighs more heavily to the EP's disadvantage as the Council is structurally less able (and willing) to negotiate with the EP once a political deal has been taken.

The mode of decision-making in this interinstitutional phase with regard to the MFFR can be compared to a shortened EU legislative cycle that only consists of one reading. The Council presents its draft legislative text to the European Parliament which may consent the text or propose amendments. If the EP's amendments are not agreed in the Council, informal negotiations between the institutions start in the form of trilogues. These trilogues or "early agreements" lead to a faster decision-making process as dossiers are decided mostly after the first reading instead of after the second or third but they are at the same time highly informal in nature and not as transparent as

other parts of the policy process. In the budgetary arena, trilogues aim to support brokering a deal between representatives of the Council Presidency and the rapporteurs from each political group of the European Parliament. The main leverage of the European Parliament at this stage is a possible "no"-vote on the final MFF regulation.

As what regards the Own Resources Decision's parliamentary scrutiny, the European Parliament is only consulted, though the Decision is debated and put in a resolution in parliament. The ORD has to be adopted in the member states in order to provide additional legitimacy to this financially binding decision. This mostly means that the respective national parliaments have to give their formal consent after the Decision's conclusion. In Germany, the Bundestag has to approve the Own Resources Decision. Inside the Bundestag, the EU Affairs Committee is leading the dossier while the Budget Committee is supplementing. Both are characterized by partly differing interests with regard to EU budgetary affairs (Zettinig 2008, p. 136). The ratification of the Own Resources Decision takes the form of an ex-post decision since national parliaments only vote after a political deal is struck inside the European Council. Therefore, the national parliamentary control and influence also has to take place in advance of the decision inside the European Council during the Council deliberation phase. As the Own Resources Decision binds the member states to quasi-automatic payments to the EU budget the fiscal implementation of the EU budget takes place within the member states political systems. Here, differences exist as the member states account their payment of EU own resources differently in their budgets. While Germany, Austria, Romania and France list own resources as direct appropriations to the EU budget which is therefore reducing the governmental revenue, other member states list contributions to the EU as governmental expenditure (Cipriani 2014, p. 10). Before the coming-into-force of the Treaty of Lisbon, national parliaments were obliged to vote not only on the ratification of the ORD but also on the MFF, ergo both on the revenue and on the expenditure decisions taken on the supranational level (Benedetto 2013). The formal concentration of the national parliamentary participation towards the revenue side with the Treaty of Lisbon enabled a streamlining of the parliamentary representative channels in the EU's multi-level system. The Treaty of Lisbon more clearly divided the parliamentary budget authority between the two strands of revenue and expenditure between the two parliamentary institutions. However, it should be underlined that both areas are closely related to the inherent linkage between the revenue and expenditure decisions in the EU budget.

Implementation phase. After a final deal has been struck on the expenditure and revenue side of the MFF, the Council and the European Parliament have to conclude the implementing regulation of the MFFR and the Financial Regulation.[141] Here the EP has a stronger bargaining position, as these are decided under the Ordinary Legislative Procedure (OLP). Furthermore, the specific financial programs (such as agriculture or cohesion policy) that have been decided with the Multi-annual Financial Framework need to be spelled out in detail. They are adopted by the EU institutions after the MFFR and ORD are concluded. This secondary legislation on the MFF takes the form of regulations where the European Parliament – within the overall ceilings set by the MFF – has a stronger institutional position due to the decision according to the Ordinary Legislative Procedure. The secondary legislation partly has to be detailed by additional national criteria, as for

[141] The Financial Regulation (European Union 2012) is concluded by EP and Council. It sets general guidelines on the application of the MFF and sets overarching budgetary principles. These are specified by a Commission Delegated Act European Commission 2012.

example in the case of CAP policies.[142] This is due to the fact that some financial areas are implemented in terms of a shared management of funds (such as CAP and cohesion) while others are implemented centrally by the EU Commission or its agencies. In this respect, the implementation phase of the budgetary policy cycle is again linked between European and national governmental levels.[143] While the MFFR as such does not need an implementation in the national context, the precise spending programs partly need to be implemented in national legislation.[144] The cooperation between the European Commission and the member states as oversight institutions has changed with the Treaty of Lisbon, as before the Commission was alone responsible for implementation. But as budget implementation takes place according to the respective national rules at the national, regional and even local levels, national authorities should be made more accountable in budget implementation.

Overall, the EU budgetary policy cycle rests upon two overarching formal decisions with respect to the major structure of revenue and expenditure of EU budget decisions: The MFF Regulation and the Own Resources Decision. From a parliamentary perspective, both function according to different modes of parliamentary accountability and chains of legitimacy. Supranational and national parliamentary actors dispose of diverging areas of representation. The European Parliament has the formal position to act as a co-legislator together with the Council. In this respect, the Treaty of Lisbon posits that "the European Parliament shall, jointly with the Council, exercise legislative and budgetary functions" (Art. 14 TEU). The European Parliament and Council thus represent the primary legislators – although to different degrees. National parliaments do not play such a straightforward role in budgetary policy-making as their role is mostly to control their national government and to become involved on the EU level sporadically. However, different to other policy areas, they have to consent the ORD as it is mandated in primary law.

6.3 The Parliamentary Budget Authority in the European Union

6.3.1 Strands of Development of the Budget Authority

As the development inside national political systems underlined, the budget has been an important tool of nation- and constitution-building, as the division of budgetary powers was the first move towards the separation of powers between the monarchy and representative actors (first the estates and then later directly elected representatives). From the historical development of the EU budget equally follows that it needs to be regarded in terms of constitution-building on the supranational level and the institutionalization of checks and balances inside the EU political system. Same as in other political systems, the question on the EU's revenue and expenditure is directly connected with questions of statehood and the autonomy of the supranational level within the EU's political system. Therefore this question is of major importance in all budgetary discussions of the past decades. The development of the EU budget directly relates to questions on the finalité of EU integration and the distribution of power between member states and supranational institutions.

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142 I.a. Art. 4 (2) EU Regulation No. 1307/2013.

143 It is stipulated that implementation has to take place "in cooperation with the member states" (Art. 317 TFEU).

144 For an overview of the implementing regulations and programs attached to the MFFR see here: http://ec.europa.eu/budget/mff/programmes/index_en.cfm (accessed 19.11.2016).

The analysis of the national budgets' evolution showed that budgetary politics were always used in a bigger political context. Parliamentary actors used their participation in the budget as leverage in order to gain more independence in other areas of governing, such as policy-making. The development of national budgetary systems in this respect followed two major phases: The first phase relates to the introduction of a representative oversight over public finances. These were the first powers that were transferred from the Crown to representative assemblies in order to enable a legitimate levying of taxes and royalties from the people. This "parliamentary"[145] budgetary oversight thus introduced a new relationship between the monarchy and the people and aimed mainly at securing the most basic state functions: defense and the maintenance of public order. The further expansion of budgetary powers from representative assemblies were thus a move to gain greater influence inside the political system. Therefore a strict control of budgetary funds from parliaments secured their influence over the state's policies. The second phase then brought parliament and government closer together in a joint quest for a redistribution of wealth among citizens from the late 19th / early 20th century onwards. Here, the strict control of the government was traded for a co-governing position between parliamentary assemblies and the government. However, the institutional budgetary structures largely remained the same. For example, the German budgetary system's primary pillars are mostly taken from the institutional paths created in the constitution of the Weimar Republic, which again had its roots in the Prussian budgetary laws (Müller-Osten 2007, p. 179).

In the European Union, the parliamentary budget authority evolved from the member states being the single budgetary authority with national parliaments providing a direct parliamentary legitimation through their assent towards a shared budget authority between the member states and the European Parliament. This shared authority however is characterized by a formally more dominant position of the member states where the national parliamentary inclusion is confined to an ex post ratification of the revenue decisions. Before the EP joined the member states as a budgetary authority, the community budgets were decided by the member states and ratified by the national parliaments. This system was thus more or less analogous with the financing of international institutions.

The main steps of the transformation of the EP into a co-budget authority as being the second parliamentary institution overseeing the budget were the budget Treaties of 1970 and 1975; the first direct election of the EP in 1979; and the Delors Reforms in 1988. With the introduction of the own resources system in 1970, the European Parliament was granted a formal veto position in the budgetary process. However, this only applied to the expenditure side of the budget, namely the so-called non-compulsory areas of spending. As the introduction of own resources was regarded as a loss of national parliamentary sovereignty over budgetary contributions, the EP should be strengthened accordingly (Bache et al. 2011, p. 198).[146] The Budget Treaty in 1975 accordingly gave the EP the right to reject the whole budget due to "important reasons" and the power to amendment again only in the areas of non-compulsory spending. Together with the first direct election of the EP in 1979 this veto function on the entire budget was pushed to its limits

[145] Well knowing that the early representative institutions were not popularly elected in fair and equal votes but rather represented interests of the Estates.

[146] Interestingly this was pushed by the French President Georges Pompidou that has always been skeptical on enhancing the EP's powers. But since he wanted the own resources system in place before the UK enlargement, it consented to the package-deal Bache et al. 2011, p. 197.

by the EP in order to strengthen its position in the policy process. As a directly elected institution the EP regarded itself as the legitimate institution to perform a budgetary function next to the Council, leading to an arduous power play between the two institutions where the EP pushed its veto rights to the limit to gain more influence in the budgetary process.

This seeking of influence from the side of the European Parliament was however not only due to the institutional motivation to gain more influence in the policy process and to strengthen the parliamentary principle against the Council. As the EP then only disposed of marginal policy-making powers, an influence in the budgetary sphere also enabled the EP to perform a policy influence via its budgetary powers. Since 1979, the EP had the final say on all non-compulsory expenditures, which comprised roughly 4 to 5 % of the Communities budget (Rittberger 2003, p. 217).[147] Consequently, the European Parliament used its budgetary powers in order to gain influence on legislation – which back then was still in the hands of the Council. It introduced new appropriation lines into the budget, even when there was no legislative basis for this – with the aim to gain legislative powers (Laffan 1997, p. 83). Furthermore, the EP used its influence in the area of non-compulsory expenditure – where it could outvote the Council – to further its interests. This was done by increasing the funds for non-compulsory expenditure and by expanding the scope of policies falling under the heading. The parliament therefore clearly used the budget as a vehicle to gain more policy influence.

With the resolution of the broadest lines of conflict and the calming of the strongly dysfunctional budgetary system with the introduction of the multi-annual frameworks and the Interinstitutional Agreements in 1988, the EP gained a veto power on the MFF through the conclusion of an Interinstitutional Agreement where also the implementing measures of the MFF were laid down. In the following, it did not use its veto power in the budgetary negotiations any longer. This can explained by the fact that EP did not challenge financial perspectives as by then it also had something to loose, namely a big bulk of expenditure it had a fairly good say over through the annual budgetary procedure. The radical opposition to member state dominance in budgetary matters consequently declined inside the parliament, as did the prestige of budgetary matters and the willingness to use a veto threat against the Council. At the same time, the EP gained considerable legislative powers in other policy areas it was thus no longer exclusively dependent on the EU budget to strengthen its policy-making function (Lindner 2006, p. 189).[148] This self-restraint of the EP in core areas of budgetary policies (the MFF) was traded against a having an influence in those budgetary areas where the EP might easier have an influence such as the IIAs, the annual budget and the implementation of the financial perspectives. It thus partly acknowledged the member states' dominance in the core budgetary functions and decided to no longer challenging it (Schild 2008, p. 543). The EP thus did not use its veto power any longer, while achieving modest budgetary gains in the final budgetary deals and still only disposed of a formal influence in the field of budgetary expenditure, as the own resources were still decided by the member states – and ratified by national parliaments.

Taking these developments together, it is a common understanding in EU research that the EP's function as a co-budgetary authority was one of the main trajectories of the EP becoming an ever more influential parliamentary institution (Corbett et al. 2011; Bache et al. 2011, p. 296). For the

[147] Although the Council was still able to determine the ceilings of expenditure in these areas the EP then had to stick to Ronnecker 2009, p. 61.

[148] Namely through the introduction of the co-decision procedure in 1992 with the Treaty of Maastricht.

EP, the acquisition of budgetary powers has been closely linked with the increase of its overall political influence. It is an important symbolic power of the European Parliament, and underlines its ability to influence the broader EU policy sphere. This has been also underlined by the powers of budgetary control of the EP, as in 1999 it refrained from granting the budgetary discharge to the Commission. The reason for this was an alleged misuse of budgetary funds and corruption.[149] A move which finally led to the resignation of the Santer-Commission since the EP was able to combine the vote of budgetary discharge with a credible threat of a vote of no confidence towards the Commission. It thus linked budgetary questions with the overall parliamentary support of the Commission (Dreischer 2003, pp. 234–235) which stresses that budgetary powers are at the core of the European Parliament.

As what regards the development of the national parliamentary participation in the budgetary process, national parliaments were by far not as visible as the European Parliament. Although, NPs were represented from the beginnings since they, until the Treaty of Lisbon, had to ratify not only the revenue decision but also the final outcome of the negotiations to the Multi-annual financial framework (Benedetto 2013). Therefore, national parliaments held their governments to account in the decision of own resources, which was however not as high on the agenda as national budgetary questions. Furthermore, national parliaments did not seek to further an institutional agenda with the EU budgetary debates.

Comparing the overall trajectories and path developments of the EU's parliamentary budget authority and the development of national budgetary systems more closely, an overarching similarity becomes visible: Both national parliamentary institutions in the 19th century and the European Parliament since the 1970s have used their formal budgetary rights as leverage against their governments. As budgetary rights were the first parliamentary rights of the still young assemblies, both the early parliaments on the European continent and the European Parliament aimed at expanding their overall position inside their respective political systems by means of using their respective budgetary powers. This has been demonstrated by the Prussian Budgetary Conflict (1862-65) in the early days of the German budgetary system where the German parliament protested against not being able to levy taxes although it had the right to decide on the expenditure side of the budget. The European Parliament equally used its blocking powers to fight for a stronger inclusion in the budgetary procedure and was able to first gain veto powers over non-compulsory expenditure which was later expanded to the whole budget. This use of the budget to further broader political means highlights that the parliamentary involvement in EU budgetary matters departed from similar interests and took similar trajectories. This leverage for greater parliamentary rights is also due to the overarching questions of legitimacy where the parliamentary development took similar turns: In the early nation-states the Crown delegated power to representative bodies in order to keep its legitimacy towards its constituent units. A similar process developed inside the European political system, where – also due to the democratic path dependencies within the EU member states – it was perceived as important to provide representative assemblies with budgetary powers in order to underline the democratic and legitimate nature of the EU budgetary process. These questions on the legitimacy of budgetary decisions in turn led to the serious institutional conflicts mentioned above.

[149] The right of budgetary discharge is a unique parliamentary competence since the budget treaty in 1975.

Secondly, on an individual level the spending structure and habits between national parliaments and the European Parliament developed similarly. As it became apparent in later development phase of national budgetary systems, parliamentary actors aim at paying their way into the hearts and minds of their constituencies. They are thus more prone to overspending the budget in order to secure their reelection than executive actors (Schick 2002, p. 16). This lack of budgetary discipline can also be attributed to the European Parliament, although its tendency to overspending is not to favor the specific constituencies but to further the European public interest and to support a European added value (Kauppi, Widgrén Mika 2009). However, the motivation behind this financial behavior is similar as both parliamentary institutions aim at securing their prestige towards their respective voters. While this is possible for national parliaments to support the respective local structures, the European Parliament needs to support an overall European objective against the national interests of the Council in order to further its legitimacy against the voters.

Thirdly, the perceptions between the parliamentary institutions largely developed along the same ways. Despite the considerable change of the embeddedness of national parliaments in the budgetary structures from strict budgetary control to joint welfare redistribution and the European Parliament still not disposing of a similar position as the member states in the budgetary procedure, both parliamentary institutions perceive their budgetary function as a key parliamentary function. Both in the attention of media, the overall prestige of budget committees and the overall perception of the respective parliament's role in budgetary policy-making: the budgetary function of parliaments rank among the most important parliamentary tasks and functions carrying a high prestige for the MPs/MEPs tasked with budgetary affairs. This common perception of national and European parliamentarians, however, is not matched by reality neither in the national nor in the European spheres. While national parliamentarians – as they are part of the majority coalition or party group – don't have any institutional interests to perform a wide-ranging and critical assessment of the government's budgetary decisions, the European Parliament may have the independence from its co-budget authority but is not able to perform meaningful amendments of the member states decisions. Therefore, the perceptions of their respective budgetary functions in the national parliaments and the European Parliament, as similar as they are, both do not match their actual positions inside their respective political system.

Despite these similarities in the set-up, structures and perceptions of EU budget's and national budgets' development: The EU budget more generally reflects a different phase of development and in that reflects the overall institutional structure of the European political system.

While in the early nation-states, the major source of the parliamentary budget authority was the power to initiate and levy taxes which were regarded as being legitimate only if assigned through the public representatives of the citizenry, this very fundament of the nation-states' budgetary powers is lacking in the European Union. The European Parliament still does not have the right to initiate taxation, neither to levy funds. This fundamental difference is also why the question of the Union's own resources system is of an utmost importance for the EP. Also because the question of taxation is closely connected to the perception of what a "real" parliament is.

The overall comparison between the national and supranational budgetary powers, the lines of conflict and control underlines that the EU's budgetary structures and decision-making processes rather resemble the early days of national parliamentary budgeting than its present set-up. This is not only underlined by the conflictual relationship between the budgetary actors and the parliamentary quest to increase political powers but also by the structure and overall set-up of the

EU budget: It is still largely a programming budget, where major expenditure decisions are determined alongside specific programs that are not predetermined by policies, different than national budgets where a bulk of budgetary expenditure is predetermined by laws, such as social security, education or pensions.[150] Therefore the specific relevance of the EU budget is to a lesser extent predetermined by legislation which gives the budgetary negotiations a bigger importance. Although the EP gained more participation rights in co-decision and implementing regulations of the MFF, the role of the MFF in determining the overall shape of policy-influence is still high. Consequently, the European Parliament, in aiming at playing a more influential role in the budgetary process, also aims at gaining a bigger say on a policy level through determining the budget in order to support the implementation of a European public goods perspective in the budget (Kauppi, Widgrén Mika 2009).[151]

Compared to the development of national budgets, the parliamentary inclusion in the EU budget cannot be compared to the nowadays' national budgetary systems as developed in the end of the 19th / early 20th century. In terms of the size of the budget, its welfare implications remain rather modest and so do the attempts of the parliamentary actors in terms of redistribution and reallocation of goods through the budget. The EU budget is largely a programming budget, has only very specific redistributive interests and does not dispose of considerable impact on welfare politics. As a programming budget it is furthermore only to a very small degree influenced and bound by European legislation as only 61% of its budget is statutory (Patz, Goetz 2015). Different to today's national budgets that enable a redistributive character through the intersection between the parliamentary majority and the government, the parliamentary majority in the EU parliament is not able to pursue its political priorities through the government as it is the case on the national level, both because it does not support the European Commission in a similar manner as in national political system and because it needs to confront the second budgetary arm, the member states, for a consensus on budgetary affairs.

Therefore, although similar perceptions persist between parliament and government, there are still major conflicts in the EU budgetary system namely between the two budgetary institutions, the Council and the Parliament. Both dispose of strongly diverging perceptions and interests in the budgetary process, different than in national systems where the budgetary institutions are largely settled institutionally. This enables a position where confrontation and a largely conflictual relationship is the only possibility for the parliamentary budget authority to amend the budgetary decisions by the member states.[152]

Same as in the evolution of national budgetary systems, the EU budgetary process is a quarrel on state-building and on which institution is perceived as legitimate to decide on the redistribution of public funds. This puts the development of the EU budgetary process in a similar position as it's national counterparts, although these dispose of already saturated budgetary systems. However, different to the development of the national budgetary systems, the EU budget until today did not

[150] Patz and Goetz 2015 have calculated that only 61% of the EU budget is due to statutory expenditure.

[151] Nevertheless, the European Parliament, through its strengthened role in the Ordinary Legislative Procedure already disposes of more influence in budgetary decisions through the implementing decisions of the multiannual financial framework.

[152] Leading for example to the position where the European Parliament, ahead of the Agenda 2007 negotiations, adopted a position to support the European Commission's draft budget in order to build negotiating power against the member states Schild 2008, p. 542.

follow the shift as has happened in national political systems with the development of the welfare state: A significant expansion of the budget in order to redistribute wealth together with a closer coordination of government and parliament in contrast to the antagonistic relationship of earlier decades. Although the CAP and cohesion policies clearly represent redistributive policies on the EU level directed towards farmers and poor regions, they by far do not dispose of the same scope as national welfare state policies. Consequently, todays EU budgetary process is largely characterized by stark antagonistic relationships between the budgetary institutions. However, although it was in the development of national budgetary system parliamentary bodies performing unprecedented control over the executive, it is today the national governments – as legislators on the EU-level – that aim to control spending as much as possible in order to leave as little room for maneuver as possible to the Parliament and the Commission as co-budgetary authority and implementing institution respectively.

6.3.2 What Parliamentary Budget Authority Today?

The modern parliamentary budget authority mainly rests on three pillars: The *legitimation* the budgetary process through publicity and public debates which is mostly steered and communicated through parliament in terms of their overarching representative function; the *governmental control* which takes place inside the political system in terms of the coordination of representation; and the *debate on political priorities* for public action as "standing for" representation where parliament uses the budgetary debate to frame the bigger picture of political priorities that are enabled through budgetary politics. Thus, parliaments may influence budget deliberation and legitimize the broader process of public policy through their representative oversight of and impact on the executive. In this respect, the **budget authority is not a clear-cut policy-making function of parliaments but one of policy influence and communicative legitimation of the governments' overarching priorities**. This claim shall be further substantiated in the following by taking a look at the German system of budgetary policy-making and the inclusion of the German Bundestag therein.

Due to the close relationship between the German government and its parliamentary majority in the Bundestag, the government can be confident that the German budget law (Art. 110 (2) GG) will be voted upon by the parliamentary majority. However, parliament may introduce further changes to the draft budget law. Both for its policy-making and control function, the Bundestag is heavily dependent on information from the government, which increases the information asymmetry between government and parliament especially for opposition parties which are particularly keen on controlling the government (Müller-Osten 2007, p. 318; OECD 2014, p. 57).

The voting process in the German Bundestag is not sequenced, therefore giving the Bundestag a greater influence on the respective ceilings. While the Bundestag thus formally disposes of unlimited powers to amend the governmental budget and to increase and decrease expenditure and the budget committee is a prestigious and well-established institution inside the parliament, there have been, however, restrictions introduced in the past decades with the aim to limit the spending-oriented self-interest of the parliament. First, if the parliament introduces new, financially relevant pieces into the budget, the government needs to approve these (Art. 113 GG)[153]. Second, the increase of budgetary funds at one part of a section of the budget needs to be balanced at another

[153] This is not only the case in budgetary decisions only but also in legislative processes that have a financial relevance.

part within this section, which makes is more complex for the parliament to introduce far-reaching changes (Seils 2005). And finally, the budget itself is bound by 80 to 90 per cent of statutory expenditure, which is why the introduction of new budgetary relevant expenditure is already rather limited (Schick 2002, p. 36; OECD 2014, p. 13). Third, the system of budgeting in Germany was changed in 2012 with the introduction of the debt brake which demands to limit state-borrowing to 0.35 percent of GDP for the federal and a prohibition of debt taking for the sub-federal level (Art. 109 GG), accompanied with a top-down approach in budgeting strongly centering on the Ministry of Finance.[154] These new provisions use budgetary politics as a major tool for fiscal discipline. The figures developed inside the Ministry of Finance are binding, sectoral ministries need to stay within these margins when developing their spending plans (detailed: (OECD 2014, pp. 12–15).[155]

In terms of the parliamentary inclusion in the budgetary process, the budget committee is leading the budgetary debates and is an influential parliamentary institution. Due to high and constant work load it is with 41 members one of the largest permanent committees in the Bundestag.[156] Traditionally, the chairpersonship of the committee is assigned to the biggest opposition party. The committee is a particularly active one in terms of amendments to the budget law.[157] The committee is characterized by a strong system of rapporteurship as every section of the budget (which are mirrored along the major state institutions and ministries) disposes of a rapporteur and a shadow rapporteur from every party group which pursue a detailed scrutiny of the different policy areas. They do so often since many years. Consequently, the work in the budget committee has been described by the members as being less party-political than in other committees (Zettinig 2008, p. 121; Seils 2005). Given its high prestige among the Bundestag's committees the members of the budget committee are on average more senior members of parliaments than in other specialized committees (Zettinig 2008, p. 107; OECD 2014, p. 55) and attach a high political importance to "their" committee (Sturm 1988).

However, taking the broader procedural constraints into account, the factual parliamentary influence on the annual federal budget rather remains modest – despite the very detailed and active work of the budget committee and the high prestige of the committee inside the German Bundestag, as the overall influence on amendments on the final shape of the budget rather remains modest giving the constraints mentioned above. Since the Bundestag can only selectively introduce its positions and preferences in the parliamentary process itself it is particularly the agenda-setting phase of the budget process to influence the big lines of the budget. This negotiation process takes place on the highest party-political level. The introduction of top-down budgeting has further

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[154] Germany has followed a bottom-up approach in preparing the federal budget for many decades. This approach mainly consisted of bargaining processes between the ministries who set up their own targets and budgetary demands and the Minister of Finance who aimed at keeping a consistent and fiscally sound budget (see i.a. Zettinig 2008, pp. 118–123; Gröpl 2001, pp. 136–137).

[155] Among the advantages of this system can be counted a better predictability of resource allocation and a more effective streamlining of budget priorities Bundesrechnungshof 2013. Also, top-down-budgeting gives more freedom to allocate funds freely between the respective sections of the budget Bundesministerium der Finanzen 2014. However, all this comes with a strong tendency of centralization of power in the Ministry of Finance and further increases the information asymmetry between the Ministry of Finance, other ministries and the Bundestag (Bundesministerium der Finanzen 2014; OECD 2014, pp. 14–15).

[156] As of November 2016, https://www.bundestag.de/bundestag/ausschuesse18/a08/mitglieder/260600.

[157] According to Lienert 2013a, p. 125 the Bundestag is of one of the parliaments among the OECD member that tables most amendments with regard to the budget, namely more than 6000 in 2007.

moved the German parliamentary budget authority away from the Bundestag to the Ministry of Finance in order to achieve a greater fiscal discipline of the German budget. Therefore, the parliamentary budget-function is more of a communicative function and control function is rather related to micro aspects of the budget. As budget deliberations are the key of parliamentary debates parliamentary actors dispose of a prominent function in order to debate on the key priorities of the government and to shape public opinion.

Having taken a look at the position of the German Bundestag – a comparably strong and actively involved working parliament – in the German budgetary architecture it has been shown that its budgetary powers are equally constrained. While the Bundestag disposes of important oversight functions and policy-influence in the agenda-setting- and decision-making phase of the budgetary procedure, it nevertheless disposes of distinct formal constraints in terms of amendments to the budgetary law and the more general intersection between governmental and parliamentary majorities. Therefore, the national parliamentary budget authority equally needs to be understood as an important tool of policy control towards the government and as a means to communicative the political priorities of the parliament and its parties to the public as an overarching political program. In order to properly fulfill their budgetary oversight and therefore also their policy influencing function, parliaments need transparent political processes, an active committee culture and a clear budget calendar (Lienert 2013a, pp. 131).

6.3.3 The EU Parliamentary Budget Authority

The analysis of the formal-legal provisions and of the EU budgetary policy cycle highlighted that the EU budgetary process is governed by a multitude of actors and legal bases. Parliamentary actors are therefore not the only instances of policy control, communication and influence on the EU budget. The complexity of the EU budgetary system is not only due to the high number of actors and veto players within the budgetary process but also due to the high degree of path dependencies that developed over the past decades. These "well-established routines" (Laffan 1997, p. 88) have a strong informal dynamic within budgetary institutions and between the budgetary actors. With regard to the parliamentary budget authority in national parliamentary systems, three factors have been mentioned that need to be regarded as important for budgetary influence: Transparent political processes, an active committee culture and a clear budget calendar (Lienert 2013a, pp. 131–132). The EU budget, however, is characterized by multiple dimensions that also have an impact on the parliamentary budget authority next to these factors: While it certainly disposes of a *financial dimension* which relates to the allocation of funds to specific political programs and the decision on the overall level of revenue through the respective budgetary institutions. These purely financial questions, which are equally at the heart of national budgetary politics, are superposed in EU budgetary matters by a political and by an institutional-bargaining dimension. The *political dimension* in this respect represents the overall struggle of all representative actors involved to use and define EU budgetary deals in terms of broader focuses of EU politics. The EU budget touches most EU policy areas and funding programs and it also stands for the structure and the independence of the Union as a political system. This is an important dimension that horizontally crosses all major budgetary areas and it also serves as an indicator of the state of EU integration. The *institutional-bargaining dimension*, finally, is directed to the inter-institutional power game that is reflected in budgetary politics. The EU budget can be described as the "mother" of European package deals. It is thus also a major tool for the political actors involved to strengthen their political position inside the EU's institutional triangle. This institutional-bargaining dimension

takes place both within and between the institutions. Within the institutions it is mainly within the Council where the member states aim to show a strong position and to bring as many successes back home as possible. The bargaining dynamics in the European Parliament dispose also of importance in order to broker a parliamentary position, however, the EP is more dependent on a strong uniform position vis-à-vis the Council, already in early stages of the negotiation process. Between the institutions, the bargaining process is particularly fierce between the Council and the EP, but also the Commission aims at strengthening its position as a brokering institution of budgetary deals. Thus these three dimensions stand next to each other in EU budgetary politics and need to be reflected accordingly as EU budgetary deals do not only reflect purely financial matters but also questions of the *finalité* of EU integration and an institutional battle which leads to a strong politicization of EU budgetary questions not only among the representative institutions but also between the EU member states.[158]

For example: While the German budgetary system is characterized by a strictly regulated process of economic forecasts, multi-annual budgetary planning and prioritization, this structured and transparent process disposing of a clear political calendar is not comparably followed in the European Union. Here, the determination on the general size of the EU's revenue is concluded politically by the member states and the process of negotiation follows a largely intergovernmental logic. The expenditure programs furthermore are only to a limited extent determined by previously concluded legislation as the bulk of the EU budget (mostly cohesion policies and CAP) follows a programming logic that may be changed after each seven-year budgetary cycle. However, since the seven-year programming logic of the budget sets a clear end date to the MFFR, parliamentary actors nevertheless dispose of a clear calendar.

Thus, although being subject to strong path dependencies, the EU budget is formally less stable than national budgets, as the budget's political priorities may be chosen more freely than in national political systems where budgetary expenditure is largely bound by legislation. At the same time, this different approach in the determination of the budget's size, which is more close to International Organizations, contributes to a more political process of negotiation as the budget itself has no fixed externalities such as tax revenue or pre-existing expenditure. Therefore, every round of MFF negotiations does not only debate financial priorities similar to the national budgetary process but opens up the whole budgetary package which gives rise to unprecedented political and institutional interests. In terms of the major characteristics for parliamentary influence in budgetary politics it has thus to be conceded that the parliamentary budget authority in the European Union is not only related to the factors internal to the financial determination of the budget such as the transparency of information, committee culture and clear calendars but it is also superseded by bigger institutional questions where parliamentary actors have to react to and work with in order to shape the EU budgetary process.

Different to national budgetary processes both EP and national parliaments are formally included in the EU budget cycle, although in different parts. Parliamentary representation is clearly divided between the supranational parliamentary level (responsible for the budget's expenditure side) and

[158] Major lines of conflict between EU member states are not between specific policy issues but among a broad range of issues where member states dispose of diverging interests. I.a. the net payer vs. net receiver position; the respective economic systems of the states; the structure of the economy; or the political preferences of the government in place. Budgetary deals on the EU level are thus characterized by multi-layered member states interests which lead to highly politicized and contentious bargaining processes Nugent 2010, pp. 406–407.

the national parliamentary level (that is responsible to contribute parliamentary legitimacy to the Own Resources Decision). Their formal inclusion in the budgetary policy process, however, is closely interlinked.

Figure 6.4: Factors of parliamentary influence in the German and EU budget

German federal budget	EU Budget
Ability to amend budget > Full ability to amendment, but "one in-one out"-system for new line items proposed by the Bundestag	Ability to amend budget > MFF: EP full right of amendment > ORD: No parliamentary right of amendment, only ex-post consent
Sequencing of voting process > No sequencing between budgetary strands	Sequencing of voting process > Sequencing between revenue and expenditure negotiations.
Committee-structures > Budget committee	Committee-structures > EP: Budget committee and committee for budgetary control on ex post oversight > BT: European Affairs committee
Veto players > Hierarchical design since 2012. Only Finance Minister disposes of a suspensory veto inside the government.[159] > Parliamentary majority can reject Budget Law.	Veto players > 28 member states and the European Parliament as veto players.
Transparency & clear budgetary calendar > Negotiations between parliament and government and within parliament often non-transparent, little public insight > Plenary debates on budget deliberation create strong media interest	Transparency & clear budgetary calendar > Intergovernmental and interinstitutional negotiations are held in a non-transparent environment. > Media interest centred on final negotiations in EuCo, less interest in parliamentary debates

Own compilation after (Lienert 2013a, pp. 116–117; Tsebelis, Chang 2004).

The linkage between parliament and government in national political systems follows a clear hierarchy as the government has an important position in drafting the budget, while being supported and controlled by the parliament which may introduce amendments to the budget and disposes of the final vote to approve and thus legitimize and publicly justify the national budget. In the German political system, this hierarchy is underlined by a strong position of the Minister of Finance with regard to the composition of the budget. In the EU budgetary process, contrarily, there is no clear hierarchy between the executive and the parliament. Although the European Commission drafts the budget and disposes of the means necessary to have the technical overview, the budgetary hierarchy is more strongly centered on the member states that are both legislators (on the supranational level and with regard to the expenditure side of the EU budget) and executives (on the national level and with regard to the Own Resources Decision). As being co-legislators to the Council there is no linkage to the supranational parliamentary sphere and every

[159] Art. 26 Geschäftsordnung Bundesregierung (GOBReg; as of 11 May 1951).

member state is only singularly supported and controlled by their own national parliaments – underlining the overarching territorial orientation of the budgetary policy cycle.

As to the ability to amend the budget, the German Bundestag has a full ability for budgetary amendments, however, if financially add-ons are introduced they have to be financed within the overall ceiling of the budget, e.g. through cuts elsewhere. In the MFFR, the European Parliament formally also has the full right of amendment, de facto this is however constrained by the sequencing of the budgetary negotiations. As the overall budgetary structure and major lines of expenditure are negotiated inside the European Council between 28 national veto players before the draft budget formally reaches the parliamentary floor. Therefore, the European Parliament, is de facto constrained in amending the budget law as it is proposed to parliament by the member states. With regard to the Own Resources Decision, national parliaments, in the tradition of international politics, have no right of amendment either, as they are only able to take a yes/no vote for the ratification of the financially binding ORD which is an ex post decision to legitimate the financially binding commitments taken by the national governments. This underlines, that although the German Bundestag with respect to its national budget does not dispose of a full policy-making function, parliamentary influence on amending the EU budget is even less straightforward.

With regard to the sequencing of the voting process, the German budget is accompanied by the Bundestag in its entirety. Although the government sets the overall ceilings of expenditure due to economic forecasts, the Bundestag votes on revenue and expenditure decisions in its entirety. Furthermore, the Bundestag does not hold multiple debates on the budget as the Budget Law is subject to one law-making procedure which follows the Bundestag's legislative routine. The EU budget, in contrary, is sequenced between its revenue and expenditure strands, disposing of diverging parliamentary strands of legitimation and diverging processes of legislation. This formal separation in terms of parliamentary oversight and influence, however, neglects the fact that the negotiations are in fact closely combined as the revenue ceiling has direct consequences on expenditure policies. This is further undermining a holistic parliamentary oversight on the EU budget.

The committee structure with respect to the EU budgetary process underlines the high importance the European Parliament attaches to budgetary matters. Not only is there the budget committee responsible for the negotiations of the annual budgets and the MFF but also a special committee on budgetary control was set up for a follow up on how EU funds are spend during the last MFF negotiations. Equally, the EP set up special temporary budgets in order to prepare the MFF negotiations, showing the high political importance attached to the matter. In the Bundestag, it is the budget committee being charged with (national) budgetary affairs, disposing of a high prestige and special rights within the German political system. With regard to EU budgetary affairs, the EU affairs committee of the Bundestag takes the lead which is largely "Europeanist" in its direction but less prestigious than the budget committee of the Bundestag.

Finally, the transparency of budgetary decisions and of the budgetary process also impacts on the position of parliamentary actors as transparency is important for the representative function and working procedures of parliamentarians. In the national budgetary sphere, the transparency of budgetary negotiations is less distinct than in other policy areas. The precise meetings of rapporteurs and committee meetings are not public, and external expertise is not often sought. However, the annual budgetary debates in the plenary are of a high media interest in the German

public and thus relate the parliamentary sphere to the budgetary discourses. In the EU budgetary negotiations, there is a similar lack of transparency, not only with regard to the Council's negotiations but also with respect to the parliamentary budgetary negotiations which take place in trilogue meetings not open to the public. Given the nature of the negotiations, there is considerable media interest during the final negotiations on the MFF between the Heads of State and Government, but very little on the parliamentary debates weakening the parliamentary communicative function. As what regards the transparency of the process of budgetary negotiations in the European Union, these are not predictable due to the intergovernmental and trialogue negotiations in the second and third phase of the formulation phase of the budget. Although, the EU budget is negotiated according to well-established routines, the overall procedures are largely politically steered and thus less predictable than the German process of legislating the Budget Law.

Overall, this comparison underlines that both on the national and the European level of budgetary negotiations, parliamentary actors are constrained with respect to their full policy-making capacity. While in the German political system, the procedural rules are by and large "self-binding" the Bundestag due to rules decided from among its members, in the European Parliament these procedural constraints are due to the overall structure and negotiation process of the EU multi-level system. The sequencing of the budgetary process between the revenue and expenditure side of the budget negatively impacts on the budgetary unity from a parliamentary point of view with respect to the oversight of executive actors. This executive oversight is certainly stronger in the national budgetary sphere where the Bundestag's budget committee not only concentrates on the whole of the budgetary process and disposes of specific institutional rights to control the government. The power to effectively amend the budget (policy-making function), however, is constrained both in the Bundestag and inside the European Parliament. Although it has to be noted here as well that the German parliamentary majority in this respect has a strong informal influence through their government on the agenda-setting of the budget, which is less distinct the case on the European level, where a number of veto players (member states, European Parliament, net payer, net receiver) have to be catered for in the EU-Commission's draft budget.

All in all, the formal structures for parliamentary inclusion in EU budgetary policy-making can be considered as restricted in terms of parliamentary amendment power as in the national realm, however, procedural questions, such as veto players and the sequencing of votes is more restricted compared to national budgetary processes due to the structure of the EU multi-level system.

In terms of the temporal embeddedness, the European Parliament and national parliaments are embedded in different times of the policy cycle with respect to the diverging tasks they perform (figure 6.5). Here, the respective phases of the policy process are important since the parliaments' power also depends on at what time and to what extent they are embedded in the policy process in order to have the "collective preferences" of parliament reflected (Sieberer 2011, p. 732; Norton 1994; Norton 1990).

Formally, none of the parliamentary institutions is formally embedded in the agenda-setting phase of the EU budget. However, informally both the European Parliament might exert influence on the European Commission to have its policy preferences reflected in the budget, same might do the German parliament in order to push national government to reflect its majority's position. In the formulation phase of the EU budget, the European Parliament acts as a co-legislator, while national parliaments follow their role as instances of control of their government with respect to

the negotiations inside the Council. Here they dispose of the relevant information and participation rights according to the Treaty of Lisbon and German EU affairs legislation (such as EUZBBG). The adoption of the EU budgetary laws is split between the ORD and the MFFR – not only between parliamentary bodies but also temporally. While MFFR being decided by the European Parliament *before* the Council is allowed to take its final vote on the MFFR, the Own Resources Decision is only a vote of ratification taking place *after* the Council has decided on the system and size of own resources.

Figure 6.5: Formal parliamentary embeddedness in the EU budgetary policy cycle

	Role in EU Budgetary Process	
	European Parliament	**National Parliaments**
Agenda-setting		
Formulation	Co-legislator with Council (Art. 312 TFEU)	Information & control of national go-vernment (Protocol No. 1, EUZBBG, IntVG) Subsidiarity control (Protocol No. 2)
Adoption	Consent, MFF Regulation (Art. 312 TFEU) Consultation, Own Resources Decision (Art. 311 TFEU)	Consent, Own Resources Decision (Art. 311 TFEU)
Implementation	Consent, Secondary Legislation MFFR Consent, Interinstitutional Agreement	Transposition ORD in national law Implementation Secondary Legislation MFFR
Evaluation	Budgetary control (Art. 318, 319 TFEU) Committee of inquiry (Art. 226 TFEU) Judicial Review to ECJ (Art 263 TFEU)	Subsidiarity complaint to ECJ (Protocol No. 2)

Source: Own compilation

In implementing the budget, the European Parliament is tasked to – together with the Council – set up the policy programs accompanying the MFF Regulation and to negotiate and Interinstitutional Agreement with the Council and the EU Commission. The policy programs, fill the numbers of the MFFR with life as they are the precise policies the EU budget finances. Here the EP has considerable leverage since these programs are decided according to the Ordinary Legislative Procedure. National parliaments in turn implement some of these policy programs, such as cohesion policies and the funds coming from the Common Agricultural Policy.

In terms of the representative interests of the parliamentary bodies, on the institutional level one main interest of the European Parliament is to enhance its budgetary position inside the EU's institutional triangle. This has been the case since the early days of the EU's budgetary deals and is still an overarching matter of interest as long as the EP is not fully on par with the Council in terms

of its institutional budgetary authority. Due to the structure of budgetary negotiations, the Council is able to define the overall objectives of the MFF Regulation, the European Parliament – despite disposing of a veto power – is delegated its budgetary powers as a secondary budget authority from the Council. At the same time, the EP as a directly elected institution, perceives its position as being legitimately entitled to dispose of a stronger role in the budgetary process vis-à-vis the Council and thus aims at strengthening its position. In order to enhance this position, the European Parliament has been using its legislative powers in the field of expenditure in order to enhance its powers also to the revenue strand of the EU budget. However, in the past decades, the fundamental fights on the interpretation of the EU's budget code has seized to be the defining element of budgetary negotiations between Council and European Parliament since the budgetary structure with the Treaty of Lisbon became more saturated.

Furthermore, due to the composition of the EP's political groups as transnational in nature, the political position of the EP's political groups towards the budget is more characterized by a European perspective. Although the respective national delegations inside the EP's party groups nevertheless aim at putting forward their specific interests and are also – depending on the ideological position and the respective national government in power – under pressure by the national parties to reflect national political positions. Therefore, next to its territorial and institutional interests in the EU budgetary process, the European Parliament also uses its budgetary position to support a budget that is less focused on specific national interests in spending decisions but aim at focusing budgetary expenditure on overarching European interests. The analysis of spending priorities in compulsory and non-compulsory areas of the EU budget showed that the EP-dominated non-compulsory spending in the MFF[160] disposed of a spending structure which was more centered on a European public good in comparison to the compulsory spending headings where the member states had the final say (Kauppi, Widgrén Mika 2009). The European Parliament has a rather strong territorial representative interest aiming at representing the European citizenry as a whole, while also being subject to party-political considerations.

On the individual level, MEPs seek their re-selection as parliamentary candidates and their consequent re-election, while at the same time seeking to enhance their position with regard to influential committees or rapporteurships inside the parliament. Both aspects, the reselection/re-election and the career inside the parliament, follow different logics. While the reselection is in the hands of national parties, a career inside the EP can only be advanced within the EP itself. In budgetary matters, this might put MEPs in front of the question whether supporting a national party-political line to secure their re-selection as candidates or to strengthen the position of the European Parliament in order to gain more prestige inside the parliament. National parliamentarians in this respect seek their re-election inside the national political system and are therefore prone to following the national party line in order to be rewarded with influential committees or rapporteurships.

Different to classical EU policy-making, national parliaments are not only confined to a control function through the subsidiarity principle in EU budgetary matters. From a legitimacy angle, they play a central role in the Union's budget architecture since they have to ratify the Own Resources Decision. Because of this ex post-ratification, the overall high political intensity of EU budgetary

[160] The budgetary structuration between compulsory and non-compulsory spending has been dissolved with the Lisbon Treaty which does not split EU expenditure in light of broader priorities to be accomplished.

politics and the parliamentary in budgetary questions in general, national parliaments dispose of distinct incentives to become involved in the budgetary policy cycle. In this context, the Own Resources Decision reflects the intergovernmental nature of representation in the EU and thus underlines the national parliamentary representation and legitimation of budgetary policies. In this respect, national parliaments not only control their government as in other EU policy dossiers, but they may also dispose of incentives for an active role in the EU budgetary process because of their belief structures regarding budgetary issues.

In terms of the representative embeddedness it however has to be noted too that besides the parliamentary budget authority, the second legislative arm of the EU's budgetary process, the Council, remains more influential in terms of the formal design of the budgetary procedure. The Council has significantly more powers in terms of the determination of the own resources system, it also has the possibility due to the sequencing of the MFF negotiation process to set the most important parameter for the MFFR. This might formally leave more influence for national parliaments from their control function of national governments both with regard to the MFFR and the ORD, inside the Council. However, preferences between member states vary widely, although a steady formation of coalitions can be witnessed since the respective national preferences are relatively stable in budgetary matters regardless of the ideological position of the government in power (Lindner 2006, p. 39). Council negotiations in budgetary matters follow the logic of intergovernmental bargaining where the consent of every member state has to be secured. The mechanisms behind this intra-institutional working structure is that of compensation (Ronnecker 2009, p. 234). In this respect every possible veto position has to be accommodated, mostly through side-payments which are far beyond what any national parliaments could mandate its government to secure. Therefore the complexity of budgetary deals at the EU level do constrain national parliaments in terms of control and policy influence. Same holds for the European Parliament that, because of the sequencing of the budgetary framework, is not able to factually influence budgeting as it plays on the same level with 28 other representative interests from the member states.

What EU parliamentary budget authority? As carved out above, the parliamentary budget authority cannot be simply assessed with regard to those factors being internal to the financial determination of the EU budget such as the transparency of information, committee culture and transparency. Parliamentary influence on budgetary policies is also influenced by bigger institutional questions where parliamentary actors have to react to in order to shape the EU budgetary process. In the formal EU budgetary process, the budgetary legitimation through parliaments is divided between the revenue and the expenditure side of the budget. In terms of formal chain of legitimation every strand of the budget can be directly traced back to a formal parliamentary decision – although taking different forms and taking place at different phases of the budgetary policy cycle. Therefore the chain of legitimation and the parliamentary veto function of the EU budget remain intact.

As the two budgetary strands – revenue and expenditure – are debated and legitimated separately by separate parliamentary institutions, the parliamentary budget authority is equally divided between national parliaments and the European Parliament. Therefore the determination of the Community's budget not only mirrors the overall shape of the EU multi-level system but it also reflects the state of European integration which is nowadays characterized by a close entanglement between supranational and intergovernmental governance principles, where no distinct hierarchy between the two modes of decision-making is to be detected. In the following, this system of a

divided parliamentary budget authority will be summarized more in detail building upon the previous analysis.

All in all, the EU budgetary policy cycle underlines that national and supranational parliamentary activity formally takes place in *different phases of the policy cycle*. National parliaments, in controlling their government, use their oversight function during the Council deliberation phase, while the European Parliament as co-legislator only formally comes into the game only during the interinstitutional phase of budgetary deliberations after the Council took a first decision on the shape of the budget. This segmentation and division of the parliamentary budget authority also formally entails a division of the accountability and parliamentary legitimacy during the process. With respect to this overall segmentation, the budgetary policy process establishes a minimum amount of a division of power in budgetary terms between the supranational and the national governmental level (Ronnecker 2009, p. 113).

Next to diverging timings of parliamentary oversight and policy influence, parliamentarians also dispose of *diverging representative logics*. Overall, the institution of a parliamentary budget authority plays is an important overarching function for representative democracy and the legitimacy of a political system – both in the actors perceptions and the formal recognition by decisions regarding the parliamentary budgetary oversight.[161] However, as the closer look at the development and current design of national budgetary processes underlines, the parliamentary budget authority in the EU is predominantly designed as a control function. Parliamentary actors have the final vote on financially relevant decisions. However, being rather concentrated on ex post decisions in terms of the budget, which is certainly more distinct in the own resources than in the expenditure strand of the budget.

As the budget's revenue falls to the member states competencies, it means in parliamentary terms that national parliaments provide the legitimation for this budgetary strand. As own resources are not established automatically through a European tax, they dispose of a close link between the member states budgets and the EU's budget. Although the national legitimation of the EU budget's revenue is not only directed to member states contributions but also towards the genuine EU own resources which are not allocated to the national level and thus do not dispose of a nationally binding process of legitimation which certainly creates an imbalance. The European Parliament only plays a consultative role as it is not perceived as being the legitimate parliamentary body to decide on the member states contributions to the EU budget.[162] On the expenditure side, the EP has successively enlarged its position. This has been driven by the logic that the European public interest should be represented in revenue decisions, too. Since the introduction of the own resources system presented a changing rationale of the budgetary process from a full member state financing to the introduction of possible other sources of revenue, the national parliamentary legitimacy alone was not regarded sufficient any longer. The EP's function on the expenditure side, however, is still to a large extent dependent on decisions taken on the revenue side of the budget which impedes on its budgetary function. In this respect it has been stated that with Lisbon Treaty – that abolished the system of compulsory and non-compulsory spending – the EP alone is further

[161] Which have been i.a. mirrored in the decisions by the German Constitutional Court on the Bundestag's budgetary rights with regard to European fiscal decisions, or also by the role of the ECJ in the enabling of the European Parliament as being responsible for budgetary policies.

[162] Although the European Parliament has been particularly fervent in calling for a reform of the OR system since more than twenty years (see i.a. European Parliament 2007b; European Parliament 2011c)

away than before in being a fully-fledged budget authority because of the close connection between the revenue side and the expenditure side of the EU budget (i.a. Bauer et al. 2014; Benedetto 2013).

It can thus be conceded that parliamentary oversight is rather insufficient on both parliamentary levels that dispose of a functional role in the EU policy process. The formal division of the parliamentary budget authority in this respect - even more than in other policy areas, where national parliaments do not play a functional role but are only consulted according to the Treaty information rights – requires mechanisms of coordination in order to strengthen parliamentary oversight on the budgetary process and enable a proper oversight on the government's budget. The formal EU budgetary process therefore also highlights the need to value each parliamentary institution in relation to the others. As both parliamentary levels play a formal role in the EU budgetary process, they need to be regarded collectively – also taking into account that their representative interests oscillate between competition and cooperation in the EU policy process.

At the same time, parliamentary actors should not be regarded as one budget authority, since the parliamentary levels dispose of diverging representative foci and interests of representation. Therefore, parliamentary representation in the EU budget has to be labelled as a "divided budget authority". This illustrates the twofold legitimacy of the EU budgetary process, where the overall budget authority rests with the member states in terms of the overall revenue of the Union's budget whereas the spending decisions are decided by the "Union" represented through the EP and the Council. This also underlines the institutional ambiguities of the Union's budgetary system where member states are mostly in charge of high politics of the budget, while the European Parliament rather disposes of a "derivative budget authority" (Ronnecker 2009, p. 230) in its policy-making function in implementing secondary legislation (and the annual budget). In terms of the parliamentary budget authority, the legitimation and representation of parliamentary interests in terms of constituent units of any modern democratic system are equally included based on the revenue and expenditure strands of the budget. In terms of a parliamentary oversight of the budgetary process, it has to be doubted to what extent an efficient parliamentary oversight might take place in an actor constellation where parliamentary control is divided between specific parts of the EU budget and not being embedded in the whole process (Patzelt 2013b, p. 24).

This "dispersion of democratic representation across multiple sites" (Crum 2012, p. 267), is particularly visible in the case of the EU budgetary system. Parliamentary representation therefore also needs to reflect this multi-dimensionality in order to properly fulfill the parliamentary budget authority in terms of policy control, influence and communication to the public. Although the EU parliamentary budget authority is "divided" between parliamentary levels and budgetary strands, there are nevertheless instruments to exchange with the respective other parliamentary level as it has been carved out above. Be it to exchange party-political positions, which is of major importance for MEPs which need to be embedded in their national party structures, or to gain information on the EU policy process, as it is of importance for national parliamentarians. Therefore, the EU budgetary process again underlines the need to take a closer look at structures and mechanisms of coordination and cooperation of parliamentary actors in the EU budgetary process in order to influence the budgetary policy process and exert effective oversight of executive actors.

In conclusion, today's EU budget is characterized by a system reflecting both the supranational and the intergovernmental nature of the integration project. This system is subsequently leading to considerable tension between the budgetary institutions due to the orientation of the system along both axes. Due to the multitude of actors involved, their strongly diverging interests and

perceptions of budgetary priorities and the overall complexity of the budgetary system, a large number of researchers concluded that the overall EU budgetary system is neither transparent nor effective or legitimate enough compared to national budgetary systems. Nevertheless, it has also be conceded with respect to national budgetary processes that these too are highly complex and partly nontransparent as many decisions are taken within and between the ministerial bureaucracies which too are not as open to the public. After a closer analysis of the parliamentary branches of the EU budgetary system, the overall critique on the complexity and institutional differentiation can be largely confirmed. As both national and supranational parliamentary actors are functionally embedded in the budgetary system, parliamentary representation is formally upheld but practically impeded. However, it has to be conceded as well that in national political systems, parliamentary bodies most often also do not function as co-legislators but rather as instances to support the government (majority) and to publicly hold it to account (opposition). Therefore full policy control and policy influencing is not a prime subject of the parliamentary budget authority.

7. THE MULTIANNUAL FINANCIAL FRAMEWORK 2014-2020

In the following, the negotiations towards the Multiannual Financial Framework 2014-2020 shall be introduced. The MFF 2014-2020 has been the fifth financial perspective in the history of the EU's multi-annual budgeting.[163] The European Commission aimed to frame the budgetary negotiations in light of the Europe 2020 strategy as being the bigger strategic picture the EU budget should contribute to. However, negotiations were strongly overshadowed by the economic and financial crisis particularly in the Eurozone.

7.1 Parliamentary Budgetary Rights in Times of Crisis

Policy decisions are not taken in a vacuum. The political and social context impacts on the perceptions of representative actors and therefore also on their political decisions. Therefore, looking at the political context surrounding the EU budgetary debate, it was certainly the "Eurocrisis" being perceived as most pressingly and being the most hotly debated in the European Union between 2010 and 2013 at the time of the EU budget negotiations. The Eurocrisis inherently touched question of budgetary rights on the national and EU level and the underlying question of parliamentary influence in EU decision-making in general. Therefore, the Eurocrisis was an important context of the EU budgetary debate and also lead to the insight that European integration impacted heavily on formerly often perceived internal affairs, such as budgetary questions.

> "Hardly ever before have the national parliaments and parties so intensively become aware of the consequences of European integration for their member states and electorates [in the Eurocrisis, LS]"(Puntscher Riekmann, Wydra 2013, p. 579).

The policy reactions taken between 2010 and 2012 to the worldwide financial crisis following the burst of the US housing bubble were both intergovernmental treaties and legislative decisions.[164] A new and unprecedented architecture of economic governance in the Eurozone was introduced. In the wake of the Eurocrisis, the intergovernmental approach has been regarded as the "only feasible strategy for promoting integration" (Fabbrini 2013, p. 9) by the EU member states. It was precisely this lack of parliamentary legitimacy of the decisions taken with respect to the EU economic governance that were increasingly put into question. As the European Council took numerous policy decisions on an intergovernmental basis, the lack of parliamentary oversight both from a supranational and national parliamentary perspective became visible. For example it was noted that the Fiscal Compact

> "constitutes a significant deepening of European integration in the economic and budgetary sphere without at the same time strengthening either the national or supranational representative institutions and thereby lending democratic legitimacy to the current and future fiscal policy." (Kröger, Friedrich 2013b, p. 159)

[163] Until today there are five multi-annual budgets: Delors I (1988-1992); Delors II (1993-1999); Agenda 2000 (2000-2006); Agenda 2007 (2007-2013); and the current Agenda 2020 (2014-2020).

[164] Such as the European Financial Stability Facility (EFSF) as an executive agreement from May 2010 that was replaced in 2012 by the European Stability Mechanism (ESM) as a permanent institution created by an intergovernmental Treaty; legislative measures called "sixpack" – a bundle of fiscal policy measures decided in 2011 to better coordinate the economic governance and reduce macroeconomic imbalances in the Eurozone; the Fiscal Compact ("Treaty on Stability, Coordination and Governance in the Economic and Monetary Union") an intergovernmental Treaty signed in March 2012.

Also the European Stability Mechanism (ESM) – as being built outside the EU's institutional framework, did not include the European Parliament as a co-budgetary authority (Maurer 2013, p. 2). Being financed through member states' contributions, the Bundestag participated in its spending decisions although it was again the German Constitutional Court having to force the German parliament that financially relevant decisions have to be taken by the plenary.[165]

The Eurocrisis dramatically highlighted the new type of governance through the European Council which became further institutionalized with the Treaty of Lisbon and only gave limited control to parliamentary representation: National parliaments only perform an individual oversight towards their 'own' government, while the European Parliament is ex post informed on the outcome of the debates and the EP President is only able to state the Parliament's position before the summit begins. Therefore, increased academic attention shifted to the democratic oversight and parliamentary control of the European Council within the European representative architecture (see i.a. Wessels, Rozenberg 2013; Maurer 2013; Bertoncini 2013). Furthermore, the intergovernmental logic prevailing during the Eurocrisis led to a refocus back to the national parliaments, their reaction to the crisis and their means of oversight of national governments, which was also formally allowed and strengthened by the new provisions of the Lisbon Treaty. Here, the degree of variation with respect to national parliaments' formal powers and practices in terms of the control of the European Council and the EMU were discussed (Kietz 2013; Auel, Höing 2014; Auel, Höing 2015).

In its institutional position, the European Parliament was largely sidelined in the mostly intergovernmental reactions in the years 2010-2012. Although the EMU is a core project and exclusive competency of the Union, the EP is in a weak position to participate therein as most decisions were taken under special legislative and non-legislative procedures" (Maurer 2013, p. 2). The Bundestag on the other hand, being responsible to governmental oversight in the Eurocrisis and the taking of the relevant budgetary decisions related to the new financial architecture mostly aimed at preserving its national budgetary rights. However, they were structurally disadvantaged through the "crisis mode" as national parliaments had to cope with dense time frames that did not enable proper parliamentary debate let alone to create a collective understanding of the highly technical constructs agreed upon in the European Council and ECOFIN Council formation. The Eurocrisis furthermore highlighted a rare antagonism in the German political system as cleavages did not run between majority and opposition parties but in many cases united majority and opposition against the government over the information of the parliament (Kietz 2013). Although diverging foci became present in the debate (more extensive on the Bundestag's discourse: Beichelt, Kietz 2014), the Bundestag mostly aimed at defining its budgetary competencies and to prevent a further blurring of competencies between the German and the EU level of government (Deubner, Kreilinger 2013, p. 8).

In this respect, the Eurocrisis is a powerful showcase for a deepening of the European integration and subsequent strengthening of coordination between the governments of the Eurozone taking place without strengthening its parliamentary components and largely neglecting questions of the democratic legitimacy of the Economic and Monetary Union (Maurer 2013, p. 3; Kröger, Friedrich

[165] The final decision on the ESM was taken in December 2013, see: BVerfG, 2 BvR 1390/12 of 17.12.2013; see also: Calliess 2012.

2013b, p. 159). The largely intergovernmental approach to solving the Eurocrisis led to a further decrease of parliamentary influence in the European Union, as

> "[n]either the European Parliament nor the national parliaments are provided with a uniform or coordinated, reliable control mechanism whereby parliamentary oversight is combined with the possibility of political and legal sanctions against the decision-makers of the European Council, its President and the Eurogroup" (Maurer 2013, p. 3).

Due to the budgetary implications of the Eurocrisis and the temporal overlap in the respective political responses, the Eurocrisis has to be regarded as an important contextual factor of the EU budgetary negotiations mostly in 2011 and 2012. Not only were budgetary questions deliberated which had a clear EU impetus while standing outside the Communities' budget (EFSF, ESM) but also represented the crisis itself a significant weakening of the national budgetary room for maneuver, particularly in the so-called "program countries" Greece, Portugal etc. Through these tighter fiscal constraints imposed by the crisis prevention tools of the six-pact and the Fiscal Compact, a meta-discourse on fiscal consolidation was prevalent within the member states.

From a parliamentary angle, the Eurocrisis furthermore led to a revival of the perception of budgetary rights as centerpieces of parliamentary rights and the importance of a strong role of a parliament in terms of legislation and budgetary oversight was demanded, particularly in the German Bundestag (Puntscher Riekmann, Wydra 2013).

> "Shall the financial markets dominate our democracy? Shall they dictate over our budgetary rights? Is a parliament still a parliament without this fundamental right?" (MdB, Bündnis 90/Die Grünen, 21 May 2010, cited from: Puntscher Riekmann, Wydra 2013, p. 577)

The sovereignty of the people and their elected representatives as well as the representation of German interests were thus particularly prevalent in the German "crisis debate", which took place more or less at the same time as the debate on the Multiannual Financial Framework. Two further frames were however also present: The quest to build a European political community and the perspective that political decision-making should be located in parliaments and not executives. These frames were, reiterating the busted cleavages between government and opposition parties, used more or less throughout all party groups in the German Bundestag (Beichelt, Kietz 2014, pp. 14–17). These both value-based and interest-based arguments on the parliamentary role within the Eurocrisis naturally had an impact on the perception and discursive framing of the Multiannual Financial Framework.[166]

The "crisis mode" in the European Union from 2010 onwards strongly favored national policy reactions, thus undermined the quest for EU-wide policy reactions such as the "Europe 2020" program or a far-reaching budget review (Kaiser, Prange-Gstöhl 2012, p. 59). While the European Parliament rather played a minor role in most of the policy decisions taken in the crisis, national parliaments largely had to rubberstamp decisions that were taken elsewhere (mostly in the European Council) (Puntscher Riekmann, Wydra 2013, p. 577). The crisis certainly strengthened national governments in their capacity as "crisis manager" as the decisions taken at the EU level directly had budgetary impacts on the welfare of European citizens. However, this increase in powers has not strengthened parliamentary governance or the overall legitimacy of decisions taken by representative governmental actors.

[166] For the divergence between value-based and interest-based arguments see: Wessels, Rozenberg 2013, p. 59.

The Eurocrisis contributed to an increased "blurring" between national and European financial and budgetary policy instruments. Not only that it highlighted lacks of parliamentary budgetary oversight, hampered budgetary control and new instruments of budgetary coordination. Therefore, it also highlighted the broader question of the parliamentary position inside the EU governance architecture in asking what legitimacy there is to intergovernmental crisis regime (i.a. Wöhl 2013; Fabbrini 2013). As a result, most EU member states experienced considerably decreased growth prospects within their respective economies thus fueling the debate on a path of fiscal consolidation inside and between the EU member states (Mendez et al. 2013, pp. 3–5) – which also had repercussions in the EU budgetary debate. In terms of the perceptions of representative parliamentary actors, the Eurocrisis was without a doubt a major contextual factor to the EU budgetary debate and strongly influenced the perceptions towards parliamentary budgetary interests, redistribution and solidarity between the EU member states which all equally play a role in the framing of the EU budget and the negotiations surrounding the MFF 2014-2020. Therefore, following the broader crisis mode evolving from 2010, the MFF debate was set into a climate of fiscal consolidation, economic crisis and austerity, where intergovernmental decision-making inside the European Union took more and more importance, thus further weakening parliamentary institutions and also damaging the level of trust and solidarity between member states.

7.2 (Initial) Positions of Representative Actors

At this point, the initial positions of those representative actors shall be looked upon more closely. In substantiating the respective points of departure of representative actors on the German and EU political level, common grounds, focuses and divergences are highlighted. In this respect the timing of engagement as well as the overarching institutional and political priorities of the respective positions are analyzed.

7.2.1 Member State Governments

The German government defined and communicated its position vis-à-vis the Multi-annual Financial Framework from very early in the budgetary process. Next to embedding the government's position towards the MFF negotiations in the CDU/CSU/FDP coalition agreement, the government also used the European Commission's communication on the Budget review in 2010 to underline its red lines for the upcoming negotiations which were reiterated in a public letter together with other net payer countries in early 2010. The question of reforming the EU budget even expanded into the coalition agreement between the conservative and liberal parties which was concluded in late 2009 after the federal elections (CDU et al. 2009). It contains very specific landmarks and definitions of the German position in the MFF negotiations. As what regards the political priorities connected with the MFF, the orientation of the budget towards a European added value and strategic priorities is underlined. Furthermore, the agreement reiterates a distinct rejection of both a European tax and a shift towards a financing of the Union through "genuine" own resources. Finally, the coalition agreement codifies the commitment of the German government on a limit of the MFF in terms of payments on 1% of GNI. This is justified by the political context the European Union finds itself in:

> "Die Anstrengungen für tragfähige und generationengerechte öffentliche Finanzen können auch am EU-Haushalt nicht vorbeigehen" (CDU et al. 2009, p. 116).

Apart from naming the MFF negotiations as one of the corner stones of the German political agenda for the EU in the coalition agreement, the German government actively used the Commission's review process to state its position. While the initial participation in the consultation process in 2008 stated the emphasis on strategic changes in the EU budget in terms of a concentration on growth policies reflecting the structural changes in the European societies on the one hand and on the efforts of budgetary consolidation on the other hand underlined efficiency of spending and the prevention of excessive net contributions (Auswärtiges Amt 2008).

In terms of the emphases of the German position, the use of the EU budget to support EU strategic priorities and to create a European added value were underlined. Following the coalition agreement, the limitation of the size of the MFF to 1% of GNI in commitments was reiterated prominently as it would underline the national quests for budgetary discipline inside the EU member states (Auswärtiges Amt 2010, p. 2). Also, the government more precisely stated its idea of a "better spending" of EU funds which should comprise more efficiency and a conditionality in spending and implementing measures. Further interests were the maintenance of agricultural direct payments, the financing of those (Eastern German) regions that were phasing out of the structural funds' support (which is why a so-called "safety net" to these regions was proposed).

The German position, however, did not stand in a vacuum, as the member states – from very early on in the process – tried to group together and frame the MFF negotiations in their interest. In this context, Germany is centrally embedded in the coalition called "Friends of better spending" inside the Council (i.a. Friends of Better Spending 2012a; Friends of Better Spending 2012b).[167] The coalition – already in December 2010 – framed its position in the MFF debate in sending a letter to Commission President Barroso to state their position on the size of the budget and the aim of better spending EU funds as a justification for limiting the EU budget (Friends of Better Spending 2010). In this letter, the MFF is embedded in the economic and financial crisis and the member states' efforts to consolidate public finances. Therefore, "payment appropriations should increase, at most, by no more than inflation over the next financial perspectives" (ibid) and the "level of commitment appropriations is set at a level compatible with the required stabilisation of budgetary contributions of Member States" (ibid). It was claimed that "the challenge for the European Union in the coming years will not be to spend more, but to spend better" (ibid). The major net-paying member states therefore managed to shape the MFF debate already before the Commission proposed its budget draft in setting clear red lines to the budgetary debate. Apart from the "Friends of better spending", also a "Friends of Cohesion"-coalition was set-up mostly with the MOE and Southern European states, reflecting those states in favor of maintaining a strong cohesion policy (see also chapter 7.3.2).[168] Both coalitions were not organized along clear-cut party-political cleavages. They rather reflected the respective territorial interests of their member states. This is also why the German government's position largely remained the same also after the change of government from a socialdemocratic/conservative to a conservative/liberal government.

[167] This coalition disposes of Austria, the Czech Republic, Finland, Germany, the Netherlands, Sweden, and the UK. France only partly participates in the group due to the Presidential elections in May 2012.

[168] The coalition is formed by Bulgaria, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovak Republic, Slovenia and Spain.

7.2.2 Parliamentary Actors

The positioning of parliamentary actors will be looked upon both from an institutional and party-political point of view. Both the formal party positions as they were adopted on party conventions or brought to the parliamentary floor as a resolution are looked upon.

Inside the European Parliament both party-political and institutional interests prevail. The *positioning of the European Parliament as an institution* was achieved through the "Special Committee on Policy Challenges and Budgetary Resources for a Sustainable European Union after 2013", called SURE committee. As the negotiations on the fifth MFF was the first under the new Lisbon rules, the overall rules on the determination of the EU budget was in some respects still open to debate. Therefore the EP, in terms of its broader institutional interests, tried to link the MFF negotiations with the negotiations on the implementation of the annual budget 2011 already in late 2010. The European Parliament aimed at institutionally strengthening its position in using the new rules of Treaty of Lisbon for the annual budget 2011. In struggling on the interpretation of the new rules, the Parliament tried – although without success – to gain a political declaration of the Council regarding its participation rights in the MFF negotiations (Becker 2010). The informal kick-off of the budgetary debate in the Parliament was thus already in mid-2010, though at that time mostly centered on institutional questions and participation rights of the EP.

The SURE committee was set up in July 2010 in order to elaborate early on about the position of the European Parliament for the next MFF and to coordinate the EP's political positioning. It was chaired by Jutta Haug, a German social democrat and experienced budget affairs MEP. It consisted both of members of the Parliament's budget committee and members of sectoral committees. The aim of the committee was to define the political priorities and the financial resources needed for the MFF 2014-2020. Furthermore the duration and the structure of the MFF should also be elaborated on (European Parliament 2011b). The setting up of the SURE committee considerably shaped the budgetary debate inside the parliament.

The final report of the SURE committee, despite other intentions and the early set-up of the committee in 2010, was however only voted upon on 8 June 2011, barely three weeks before the European Commission published its budgetary proposal. The report was a detailed and comprehensive account of all budgetary headings and was voted in plenary with a broad majority (European Parliament 2011a).[169] It had three main headings: Key challenges; budgetary delivery and implementation; and political priorities. Among the key challenges figured building a knowledge-based society, combating unemployment, the challenge of demography, climate and resource challenges, internal and external security, Europe in the world, and delivering good governance. The second part then addressed the role of the EU budget inside the Union and stressed its importance as added value to national budgets, as a budget for leveraging investment, and to ensure good and sound financial management. In terms of political priorities, the third part builds strongly on the need to support the Europe 2020 strategy with the EU budget and also to support economic governance, growth policies and employment in the European Union. In this respect, the EP proposed a new structure for the MFF headings that should more strongly build on the political goals to be accomplished. All in all it thus reflected a distinct political agenda on the budgetary design of the MFF 2014-2020 and the major projects, the EP wanted to address in the budgetary negotiations. The SURE report furthermore supported a reform of the MFF's

[169] 486 for, 134 against, 54 abstentions, European Parliament, Procedure File 2010/2211(INI).

flexibility measures, such as keeping 5% of the framework for flexible use and to allow transfers of budgetary funds between and within headings (European Parliament 2011b, p. 34). The question of own resources was equally tackled in calling for a broad reform of the own resources system and an inclusion of a Financial Transaction Tax (FTT) as potential new own resource. Finally, the SURE report contained a distinct commitment to an increase of the budgetary resources of 5% compared to the 2013 level (European Parliament 2011b, p. 37).

On the *party-political level of the budgetary debate*, all major party groups in the European Parliament issued their positions in 2011 before the European Commission published its proposal. This is also due to the work of the SURE committee where all party groups had to make up their minds as what regards their respective positions towards the MFF 2014-2020. Most of the positioning work inside the party groups took place in late 2010 and early 2011 in order propose a parliamentary position before the Commission proposed its draft plans for the MFFR and ORD. In the German Bundestag, contrarily, the party groups started working on their MFF positions only after the Commission's proposal was published in June 2011. Therefore, their basis for debate was the Commission's proposal and took place in the context of the "ordinary" procedure of the scrutiny of EU affairs inside the parliament. All German party groups, apart from "Die Linke" group proposed motions for a parliamentary resolution and all parties picked up EU budgetary question in their formal party congress resolutions in 2011 and 2012, although this was done in diverging depth and intensity.

For the *conservative party groups* in the EP and the Bundestag it is important to note that both groups were in governing majorities in many EU member states and formed the biggest party group inside the European Parliament and in the German Bundestag. Both were actively embedded in the MFF positioning: The German conservative parties defined the government's position in two parliamentary positions in 2011 and 2012. Also, party positions were taken in 2011 both from CDU and CSU. In the EP, the EPP produced a party group statement (EPP 2011) which served as a broad basis of their negotiation position. Given the political importance of the budgetary debate inside the Bundestag, the German members of the EPP group also published an own MFF position paper (CDU/CSU Group in the European Parliament 2011).

Among the EPP's most important aspects for the MFF debate, the party group counted the importance of financing a European added value through the EU budget and the orientation of the MFF along the long-term strategic and political priorities of the Union. This concentration on an EU added value should also lead to a new definition of what the CAP and cohesion policy could contribute to the Europe 2020 priorities. Finally the EPP underlined the need to put the question of a transparent financing of the Union on the table (EPP 2011, pp. 18–19). Given the high number of conservative governments in the European Union, the position of the EPP is rather cautious. It does not address the sensitive question of the size of the budget and rather generally reflects on the fact that political priorities should be echoed in the EU budget.

On the German level, the regional conservative party CSU was particularly active: Not only the party congress in October 2011 decided on a very detailed position towards the MFF including a firm commitment on the MFF's size, the source of own resources and the political orientation of the long-term budget (CSU 2011, p. 4), the party also started already in January 2011 to voice its position on the MFF through a detailed statement of the CSU parliamentary group in order to strengthen its position early in the process (CSU Landesgruppe im Deutschen Bundestag 2011). Its sister party, CDU, only briefly mentioned the MFF in one party congress statement in

November 2011 (CDU 2011, p. 13), mostly addressing the MFF with respect to a future-oriented shape of the budget and regarding the use of structural funds and infrastructure.

In their motion for a parliamentary resolution which was introduced to the Bundestag in November 2011, the conservative party group together with their liberal coalition partner put an emphasis on the current political and economic situation in the European Union due to the economic crisis. In this respect, they reiterated the Fontainebleau Summit's conclusion that no member state should bear an excessive burden in financing the EU's budget. The governmental coalition demanded to restrict spending to 1% of BNE, while improving the efficiency of spending (Deutscher Bundestag 2011f, p. 2). Within the framework of the budgetary restriction to 1% BNE, the parties aimed to fund new future-oriented projects through a shifting of funds and to integrate all financially relevant spending areas of the Union in one budgetary framework. Furthermore the resolution voices its support for making compliance with macroeconomic criteria conditional for receiving cohesion funds (Deutscher Bundestag 2011f, pp. 6–7). As what regards the revenue side of the MFF, the government coalition rejected any form of EU taxation and supports the financing through the member states' GNI contribution. An independent EU tax is equally rejected as it would counter efforts to better link EU and national budgets. The political groups, however, support the phasing out of member states rebates as proposed by the Commission while demanding a general correction mechanism against excessive budgetary burdens.

In the conservative parliamentary debate on EU level, the statement of the German MEPs inside the EPP group is of particular interest (CDU/CSU Group in the European Parliament 2011). It underlines the quest of the German conservatives not only to state their position ahead of the official EPP positioning and to unite the German MEPs around one single goal but also to underline the conservatives' position with respect to the national mother parties. The position aims to strike a balance between the German conservatives and the EPP's position: It not only elaborates on the importance of a European added value and the respect of the subsidiarity principle but also underlines that within the current MFF 5% of expenditure could be cut due to internal savings without lowering the budget's performance. Also the need for a stronger orientation of the budget on political priorities is underlined. The German MEPs also stress that the new tasks of the Union could not be achieved with a budget of the level of 2013 and underline the need for an increase of funds compared to the current financial framework (CDU/CSU Group in the European Parliament 2011, p. 4). Overall, the position of conservative representative actors common frames of budgetary priorities such as the added value of spending and the importance of the budget for growth and jobs in the European Union are emphasized. However, in terms of the precise institutional budgetary means towards these goals, the conservative representatives remain divided between the national and supranational parliamentary level. Although, given the political context in the EU member states, the EPP group decided on a rather cautious statement with regard to its leitmotivs in the negotiations.

In the case of the *liberal party groups*, the ALDE group published a detailed position in December 2010, while its German sister party FDP – apart from the two government resolutions regarding the MFF – did not produce an independent party position on EU budgetary policies. The liberal debate on EU budgetary questions was clearly overshadowed by the financial and debt crisis. In the party-political discourse it was imperative for the German FDP to underline the need for fiscal solidity in the context of the broader economic and Eurocrisis in 2010 and 2011. European solidarity could only come by fiscal solidity, as a party congress resolution, reiterated in May 2011

(FDP 2011).[170] ALDE published an extensive paper which served as the groundwork of its positioning. Here, the group focused on the importance of a reform of the own resources system. While not naming precise reforms in this system apart from abolishing all rebates and the need for a stable funding base (ALDE 2010, p. 5). As what regards the size of the budget, the ALDE group took an indifferent position: It underlines its understanding for the member states financial difficulties but also stressed that the current financial structure would not enable the EU budget to fulfill the Europe 2020 goals. Instead of focusing on the budget's size, ALDE underlined the need for re-allocations within the EU budget. The precise proposals for re-allocations of the budget towards an EU added value, included among others a restructuring or even abolition of institutional structures like the Committee of the Regions or the Economic and Social Committee. These proposals also mentioned a reform of the CAP or the avoidance of duplications on the national and EU level i.e. through the introduction of the European External Action Service. All in all, the ALDE initial position mostly stressed institutional factors the group deemed important for the new MFF. It did not strictly focus on the political priorities of the MFF. In that respect, while the German liberals mostly took the Eurozone crisis as their take for the EU budgetary debate, in the liberal group institutional factors prevailed the determination of precise political priorities.

The *social democratic* S&D party group equally published its position on the EU budget in 2011. The German social democrats, SPD, already participated in the budgetary review process in 2008 – at that time still being in government – and the SPD parliamentary group drafted a motion for a Bundestag resolution in autumn 2011. Furthermore, a small SPD party congress issued a position on the EU budget negotiations. The S&D party group focused its policy position on the added value of the EU budget and the need to consider a reorientation of the budget given the additional tasks of the EU and the economic crisis on the continent and thus the need to support growth and competitiveness policies. More detailed, the S&D group demanded to reflect its political priorities in the MFF, to overcome the "juste retour" logic and to create greater synergies between national budgets and the EU budget. With respect to the question of the size of the MFF and the own resources system, the S&D underlined the need for a new own resources system with a stronger democratic link while being fiscally neutral for citizens. Although not directly claiming an increase of the budget, the demand for an adequate financing of the new EU competencies entails an increase of the EU budget from the perspective of the S&D group.

The German social democrats' position towards the EU budget were characterized by a strong focus on the political priorities of the budget, while institutional questions, such as the size of the budget of the revenue were given less importance. The SPD motion for a parliamentary decision – similarly to the German governmental majority – equally framed the EU budgetary debate in terms of the broader economic and financial crisis, however, the party group depicts the EU budget as a financial tool to overcome the crisis and to support those member states in economically difficult times (Deutscher Bundestag 2011e). The EU budget should therefore be geared towards the EU 2020 goals in order to support growth and jobs in the Union (Deutscher Bundestag 2011e, p. 2). This is supported by the claims to re-allocate 10 percent of the budget to R&D programs in order to support structural changes and innovation in the member states (SPD, p. 71). As what regards the size of the budget, the SPD did not take a clear position: On the one hand the need to look at the tasks of the Union instead of looking at the volume of the budget is emphasized, while on the other hand the party group stressed that also a budget of the size of 1% GNI would enable

[170] However, the party congress resolution was not strictly focused on the MFF debate.

a concentration on European political priorities (ibid. 1). The revenue side of the EU budget is approached via the claim of a fairness of contributions between the member states. The introduction of an EU tax is refused as the EU should not be granted a tax authority, although the enhancement of the EU's own resources through a FTT could be considered (Deutscher Bundestag 2011e, p. 3). Overall, the social democratic parties both aimed putting emphasis at the political priorities of the EU budget – also in relation to the economic crisis – in that respect growth and employment related policies play a major role. On the question of own resources both party groups did not take a clear position.

The *Green party groups*, both on the EU and national level, framed the EU budgetary debate within the broader concept of a "Green New Deal". The Green party group in the European Parliament published its position in May 2011 as a position for the SURE committee which nevertheless served as a guiding positioning to the latter negotiations on the MFF (Greens/EFA 2011). The German Greens only published their resolution in December 2011 (Deutscher Bundestag 2011g), which was later followed by a party congress decision on the EU budget in November 2012 (Bündnis 90/Die Grünen 2012).

The Greens in the EP both put the need for a "green" budget and the transformation of the EU budget's revenue structure at the heart of its positioning. In the context of the economic and social crisis the EU budget was highlighted as being a tool that might contribute to solving the multiple challenges of the European Union (Greens/EFA 2011). This view put at the center the "transformation to a sustainable post carbon, resource efficient economy" (ibid.: 1). From the Greens perspective, a centering on green policy interests could only be achieved if the EU's revenue system was to be transformed into a system where the net paying interests would no longer be as prevalent. As what regards the size of the budget, the Greens, even propose an overall lowering of the EU budget if a stringent re-allocation of funds would be completed as the core sustainability interests could be achieved with a lower budget (ibid.: 5). In this more or less radical change of the EU budget, the Greens also advocated for a change of the heading structure of the EU budget and an increased flexibility within and between the headings. In the Bundestag, in their motion for a resolution, Bündnis 90/Die Grünen, underline that the EU budget is an important factor for achieving similar living standards in the EU and to create an added value to national budgets. From this perspective, the principles of cohesion and convergence are to be strengthened. In its motion, the Green group stresses the need to understand the EU budget as a tool to set political priorities and to harmonize living standards. Therefore, the group demands to keep the ceiling for commitment appropriations at 1.12% GNI (the level of the MFF 2007-2013). This is justified by the economic situation in Europe and a stronger focus on the efficiency of spending (Deutscher Bundestag 2011g, p. 2). As what regards the Union's revenue, the Greens demanded a more transparent own resources system which should include genuine EU taxes such as a financial transaction tax or minimum energy tax and the rejection of any forms of rebate or correction mechanisms. In the resolution of the Green party congress, strong emphasis is put on crisis mechanisms and the claim that the EU budget should remain united and the sole tool to bundle redistributive efforts inside the Union and to concentrate on tackling the consequences of the economic crisis through the cohesion and structural funds (Bündnis 90/Die Grünen 2012, p. 4). As what regards the size of the MFF, Die Grünen prominently call for a retention of the current level of financing of the EU at 1.12% GNI as both a lowering would not contribute to the achievement of the EU's policy priorities and an increase would not reflect the current political

landscape in the Union (Deutscher Bundestag 2011g, p. 1). Compared to the other German parties, Die Grünen demand the most far-reaching reforms of the own resources system. Not only do they favor the introduction of an EU tax that would lead to fewer national contributions, also a FTT should be considered and its revenue should directly fund the EU budget.

The *left party groups* in the EP and the Bundestag both did not publish position papers on the MFF. For the GUE-NGL group was explained by an interview partner with strong internal differences on what role the EU budget should play in the European Union in general. Inside the group, this ranged from abolishing all EU funds to strengthen national budgets to a stronger redistributive function of the budget (MEP/4). The German left party "Die Linke", though not introducing a motion for a resolution in the German Bundestag, adopted a resolution on the EU budget in its EU elections program in 2009. Here, the party stressed that the tasks of the Union have grown while its financial funds did not. It is particularly stressed that poor regions and workers needed to be better funded – thus mostly linking budgetary priorities to cohesion policies and structural funds. Die Linke thus advocates an increase of the EU budget along its political priorities. On the revenue side the party demands an abolishment of all rebates and a stronger inclusion of companies in financing the EU budget, also the own resources ceiling should be fully exploited (Die Linke 2009, p. 7). All in all, however, the party has been not particularly active in terms of positioning itself to the Multi-annual Financial Framework both on the supranational and national parliamentary level.

In conclusion, parliamentary representatives from all party-political directions strongly reflected the European "crisis mode" in their initial positions on the EU's financial framework – both on the national and the EU level of government. However, the crisis was framed differently: While most EU representative actors framed the crisis not only as a intervening variable restricting policy actions, but also used the crisis as an argument to claim for an EU budget of an added value to get out of the crisis. An argumentation equally shared by the German social democrats and German Greens. On the other hand, the German governmental parties strongly underlined the need to restrict the budget due to the economic crisis, but also framed the need for an added value of the EU budget. In this context, the crisis is also cited for the efforts of some parliamentary actors to limit the EU budget. All in all the representatives' initial positioning underlines an overall reluctance to demand a straightforward increase of the EU budget – both on the EU and national parliamentary levels. Not only the German majority parties but also the EP party groups and the German opposition parties rather frame the budgetary debate in the direction of an added value and did not openly include a budgetary increase in their party positions. The question of a European added value as an overarching political priority for the EU budget is reiterated by most parliamentary actors and is framed in the context of the respective political priorities mentioned in the party resolutions.

Furthermore, it seems particularly interesting that the straightforward demand of a budgetary increase of 5% that was voted upon in plenary with the SURE report is not reiterated as openly in the individual party political positions of the EP party groups. While the initial positions of the parliamentary representative actors were rather similar and reflected a more cautious and less number-based approach to the EU budget's revenue, the SURE report takes a more bold position. The question of own resources reform is a further dominant issue on both parliamentary levels: The EP representative actors regard own resources as a precondition for a more democratic budget in order to create a European added value. On the topic of own resources, the German political

groups are more reluctant or clearly opposing to an increase of own resources or a structural change to the own resources system. An EU tax is openly opposed by the government majority and the social democrats.

With regard to the overall the timing of the positions of executive and parliamentary representative actors in the EU budgetary process – according to the factors of parliamentary budgetary influence (Lienert 2013a, pp. 116–117) – the timing of the position-takings differs between executive and parliamentary actors. While member states, most notably representatives of the net-paying states, underlined their positions very early in the process and drafted clear red lines as to the size of the budget and the aim to focus on "better spending" policies. At the same time, the European Parliament used its initial positioning in 2010 to influence its institutional position in addressing questions of its participation in the MFF process, while the formal political position on the priorities of the MFF 2014-2020 was only voted upon in June 2011 shortly before the EU Commission published its own proposal. Apart from the overall positioning of the European Parliament, the major party groups in Germany and in the European Parliament also actively stated their positions on the MFF. They did so in early 2011 (for the EP party groups) and end 2011 (the German party groups).

7.3 The Negotiation Phases

The budgetary formulation process can be divided in three phases: The Commission's proposal and the initial reaction to its first draft budget; the member states negotiations within the Council and the European Council on the shape of the MFF Regulation and Own Resources Decision; and the interinstitutional negotiations between the Council and the European Parliament on the final shape of the EU budget; finally, then the implementation of the EU budget and the ratification of the ORD through national parliaments.

7.3.1 Commission Proposal

With the proposal of the MFFR and the ORD in June 2011, the Commission kicked off the formal policy formulation phase. However, before the agenda-setting phase has been actively used by all representative actors involved (see above).

Notwithstanding the previous review processes and political statements on the shape of the EU budget and its revenue, the formal start of the budgetary process was marked by the presentation of the MFF package by a European Commission Communication on 29 June 2011 (European Commission 2011a). The Commission's communication comprised a draft MFF Regulation (European Commission 2011d), the draft Own Resources Decision (European Commission 2011c), several policy fiches and a draft Interinstitutional Agreement to be agreed on by the three institutions (European Commission 2011b). These legislative packages that were incorporating the respective political programs in order to implement the figures laid down in the Commission's MFF proposal were presented from October 2011 onwards. They were a further novelty of the MFF 2014-2020 negotiations, as they were negotiated concomitantly with the broader negotiations of the budgetary framework thus further increasing the complexity of the negotiations.

As to the internal process towards the Commission's proposal, the College of Commissioners opted for a top-down approach in setting up the budget. This displays a fundamental change in the Commission's strategy which in the MFF 2007-2013 resorted for an adding up of spending wishes

from the respective DGs inside the EU Commission. This time, the EU Commission decided to set an expenditure target at roughly 1% GNI which had to be respected when drafting the spending positions. The drafting process has not only been coordinated by the DG Budget, which is formally in charge of budgetary affairs, but was politically overlooked by the Secretariat General of the Commission President which steered the political direction of the process (COM/3). With regard to the priorities of the proposal, the Commission tried to accommodate the austerity demands from within the Council but also tried to make its mark in the proposal of a reform of the own resources system. On the size, the EU Commission proposed a MFF comprising of 1025 billion € in commitments (in constant prices; equaling 1.05% EU GNI) and 972.2 billion € in payments (being 1% EU GNI) over a duration of seven years.[171]

One major political frame of the Commission's proposal was the further prioritization of the Europe 2020 goals. The Europe 2020 strategy should be supported through using the EU budget to form a European added value. Furthermore, the MFF was claimed to be a "light" budget through a simplification of instruments and administrative costs. This should be accomplished through the simplification of research and development programs (Horizon 2020), education programs (Erasmus+) and by setting up a Common Strategic Framework covering structural funds, cohesion funds, rural development and fisheries (European Commission 2015c, p. 104).

> "It is a budget which, in the current economic context, provides reasonable funding for our European policies, with increased funding for sectors of the future. It is a budget which will cost the taxpayer no more than the current budget but which may make a huge difference for 500 million Europeans." José Manuel Barroso, Commission President, (European Parliament 2011d)

> "Through smart reallocation of the budget we have created room to finance new priorities such as cross-border infrastructure for energy and transport, research and development, education and culture, securing external borders and strengthening our neighbours to the South and East. Furthermore, we have modernised virtually all our policies by simplifying our programmes and by putting more conditionality on how funds are being spent", Janusz Lewandowksi, Budget Commissioner, (European Commission 2011g)

The Commission draft aimed at stabilizing the two biggest spending blocs of the EU budget – the CAP and cohesion policies – at 2013 prices in order to liberate funds for those budgetary areas with a clearer added value such as research and development (aimed to increase by 46%) and the set-up of a Connecting Europe Facility (CEF) to support investments in transport, energy and data infrastructure in the EU single market (European Commission 2015c, pp. 101–104). Also, the funds for external action were increased in order to cater for the new European responsibilities of the Lisbon Treaty, such as the setting up of the European External Action Service. Also some of the huge investment projects of the Union such as the Galileo program and the ITER nuclear fusion reactor were placed outside the MFF in order to limit negative effects if costs would explode within these projects. Finally, the European Commission put forward a major reform of the Union's financing in proposing to abolish the VAT resource due to the bureaucratic burden and opaque calculation modes (Cipriani 2014, p. 36) and introduced lump sum reductions of the member states contributions which would supersede the need for budgetary rebates. The financing of the EU budget should be furthermore underpinned through new own resources, of which the Commission favored a new VAT resource and a Financial Transaction Tax in order to lower national GNI contributions to the EU budget (European Commission 2011f).

[171] Including the so-called "flexibility instruments", such as the Globalisation Adjustment Fund and the Agricultural Crisis Reserve, that were left outside the MFF, the framework amounted to a total of 1.11% GNI.

All in all the Commission draft was regarded as underlining the EU executive's efforts to translate the Europe 2020 strategy into the EU's budgetary architecture while also catering for the deteriorated political and economic context (Kaiser 2011, p. 13); (Becker 2014a, p. 204). The proposal was clearly justified with regard to the broader economic context:

> "In the current times of fiscal austerity all across the EU, the Commission has presented an ambitious but realistic proposal for the next MFF", Janusz Lewandowski, Budget Commissioner[172]

As to the initial reactions, both acclaim and critique was raised. It was considered as a "good base" for negotiations both from the Council and the European Parliament (European Commission 2015c, p. 109). Some Council members – mostly the "Friends of Better Spending" –, however, criticized the size of the MFF of being too high: While the UK spoke of "completely unrealistic" proposals, the German government underlined that the Commission proposal was "far beyond the bearable".[173] Also the national sovereignty of taxation was a matter for criticism (cited from Mijs, Schout 2012, p. 2), other member states however welcomed the proposal such as the Finnsh Prime Minister Alexander Stubb saying that "it is reasonable, it is balanced and I think it's rational." (ibid). The European Parliament voiced its general support for the European Commission's proposal in a plenary debate on 5 July 2011 but it also pressured the Commission to go further than its initial proposal:

> "It incorporates most of Parliament's objectives, policies and budgets. However, we regret that the 5% increase in the total resources requested by the honourable Members has not been taken up by the Commission", Salavador Garriga Polledo, EPP, (European Parliament 2011d)

The Commission's proposal clearly reacted to the political and economic context both in the structure of the MFF and its public justification. The MFF proposal also bears the imprint of the net payers interests on a reduction of the budget. In this crucial point it is thus strongly oriented along the member states interests (Becker 2014a, p. 214). However, also core interests of the European Parliament, most notably the reform of the own resources system, have been taken up in the proposal. It has thus been described as a "balanced proposal" (Mijs, Schout 2012) which tried to bring together strategic investments with budget consolidation efforts.

7.3.2 Member States Negotiations

The work inside the Council started right after the Commission's proposal in June 2011. The steering of the negotiations, structuration and preparation of decisions was organized by the respective rotating presidencies which thus played a key role within the longest negotiation phase of the MFF process. The Presidencies were supported by the informal working group "Friends of the Presidency" that aimed at supporting the presidency in the steering of the MFF process inside the Council. The formal discussions were steered in the General Affairs Council (GAC) supported by COREPER. On the ministerial level the first debates of the European Affairs or Foreign Ministers, as being the ones being responsible for the GAC, formally kicked-off on 26 March 2012 (Kilnes, Sherriff 2012) – more than eight months after the formal introduction of the MFF proposal. Due to strongly diverging views, it took Council preparatory groups intensive technical

[172] European Commission (2011): Press Release, The Commission proposes the next Multiannual Financial Framework 2014-2020, 29 June 2011, http://europa.eu/rapid/press-release_IP-11-799_en.htm?locale=en, accessed 19.11.2016.

[173] Already in 2011, German Minister of Finance Wolfgang Schäuble called for a 100 to 120 billion € reduction of MFF, the amount the MFF was finally reduced to in the EuCo Mendez et al. 2013, p. 8.

work until the MFF could be debated on the political level (European Commission 2015c, p. 110). The Council phase lasted until November 2012, when the European Council took over the negotiations on the highest political level, when negotiations then for the first time being led by the President of the European Council, Herman van Rompuy and his cabinet. The European Council phase lasted until the final deal struck on 8 February 2013 inside the European Council. While sectoral committees were embedded with regard to the legislative programs introduced from October 2011 onwards to implements the financial decisions taken with the Multi-annual Financial Framework, the GAC was responsible for the overarching financial and budgetary issues (Council of the European Union 2012c, p. 3).

Decision-making inside the Council was approached in a top-down manner,[174] this approach was characterized by a first agreement on the overall amounts of the financial framework and only afterwards a discussion on the sectoral political priorities to be achieved within these overall amounts. The principle of unanimity and the strong position of the question of net returns in the budget negotiations entailed that each member state had one or two top priorities which needed to be accommodated in the budgetary negotiations, a task mostly steered by the rotating Presidency or later the European Council (EuCo/1).

The Polish Presidency (July-December 2011) prepared the MFF negotiations in clarifying the Commission proposals. The Danish Presidency (January-June 2012) then pursued a more proactive approach: It set to debate on the MFF every month and aimed to intensify the contacts with the European Parliament (Council of the European Union 2012c, p. 4; Becker 2014a, p. 218). It thus presented the first "negotiating box"[175] on 21 May 2012 and was able to present a first full negotiating box shortly before the end of its Presidency (Council of the European Union 2012b; Mendez et al. 2013, p. 10). This start to the "negotiating phase" inside the Council aimed to narrow the gaps between the delegations' positions. Around the start of the MFF debate on a ministerial level in March 2012, the "Friends of Better Spending" further aimed at underlining their position with respect to the need of limiting the MFF and increasing the quality of spending with non-papers circulated in April and May 2012 (Friends of Better Spending 2012a; Friends of Better Spending 2012b).

During these Council negotiations, the European Parliament has not been centrally involved. Not only that the first EP resolution after the SURE report has only been voted upon in June 2012 but also the parliament has not been of prime importance to the Council, as the Danish Presidency underlined: "The Presidency will conduct this preparatory phase in close cooperation with the Commission and the President of the European Council" (Council of the European Union 2012c, p. 1). However, representatives of the European Parliament were nevertheless invited to Council meetings, even to the informal ones where further discussions on precise budgetary items are taken.

During the Council negotiation phase, national parliaments debated on the proposed MFF in the framework of the governmental control and oversight accorded to national parliaments by the EU Treaties. In this respect, the resolutions debated inside the German Bundestag and the oversight

[174] See: Dhéret et al. 2012, p. 15, the minority opinion of the Latvian government was that MFF ceilings should nevertheless be determined according to actual policy needs.

[175] The negotiating box represents the full account of a possible MFF Regulation and thus encompasses all headings and ceilings. "The Box will outline the structure of the conclusions of the European Council, recalling the main issues and options and reflecting the outcome of the orientation debates held in the General Affairs Council"Council of the European Union 2012c, p. 2.

work conducted in Berlin has been targeted to the Council negotiation phase where the German government is bound to define and negotiate the German position towards the EU budget.

The Cypriot Presidency (July-December 2012) aimed to conclude the MFF negotiations under its presidency (Cyprus Presidency 2012, p. 9). In order to do so, the Presidency held a number of bilateral negotiations with specific member states (Kölling 2012, p. 32). However, main concerns were still pending, such as the overall size of the budget, the inclusion of large-scale projects inside the budget and the question of a macroeconomic conditionality for structural funds (Mendez et al. 2013, p. 14). In July, the European Commission updated its MFF proposal in order to cater for the accession of Croatia to the EU and to include the revised economic forecasts. In September, the Cypriot Presidency updated the negotiation box which still did not contain figures or headings, but for the first time called for an overall reduction of the size of the MFF (Council of the European Union 2012a), also the question of eligibility and allocations under cohesion policy were debated heatedly, leading to strengthened efforts of the "Friends of Cohesion" group to state their claims in a Joint Declaration in October 2012 (Friends of Cohesion 2012). The group feared a further reduction of cohesion funds compared to the initial Commission proposal and thus claimed that further limiting the budget's size would not meet the overall political priorities of the Union.

While the work continued under the Cypriot Presidency, it was clear from the outset that a final MFF deal could only be struck inside the European Council. Consequently, although the Council is formally responsible for the MFF negotiations, the European Council took over the lead of the negotiations as the first European Council approached where the MFF was to be discussed. In June 2012 the European Council, due to further and more pressing debates on the Eurozone governance, did not in length discuss the MFF dossier. Therefore, the first extensive exchange at the European Council level took place on 18/19 October 2012. From this moment, the GAC de facto handed over the MFF dossier to the Heads of State and Government. The first meeting exclusively dedicated to the MFF and originally set to come to a conclusion was arranged for 22/23 November 2012. And with it came a distinct public visibility of EU budgetary questions and a rather strong resonance in European media (Wilde 2012, p. 1076).

After the European Council ended with a slight shifting of headings, the European Council President and the European Commission were mandated by the Heads of State and Government to broker a consensus between the member states (European Council 2012). This was done by the President and its Cabinet through direct bilateral contacts with the respective prime ministers or presidents offices before the European Council was resumed on 7/8 February 2013 (Becker 2014a, p. 223; EuCo/1). The more than 24-hour European summit on 7/8 February 2013 finally brought a budgetary deal between the member states towards the Multi-annual Financial Framework and Own Resources Decision (European Council 2013; European Council 2/8/2013). The final negotiations were organized and orchestrated by EuCo-President van Rompuy who chose a negotiating tactic of many bilaterals and small group negotiations between the Heads and State and Government (Tömmel 2014; Becker 2014a, p. 223).

The Council negotiations were characterized by two major groups – the "Friends of better spending" and the "Friends of Cohesion" – which disposed of diverging frames regarding the negotiations. Not only that their substantive interests in the EU budget were of great difference but the two camps also disposed of diverging perceptions regarding the scope, value and purpose of the EU budget.

> "One of the underlying causes for the divergences among and within the institutions involved in negotiations seems to be the different understanding of the role of the EU budget – as an investment budget that can invigorate growth or as a spending budget financed by MS deeply affected by austerity measures." (Dhéret et al. 2012, p. 2)

The first group, the "Friends of better spending", aimed at focusing on a consolidation of the EU budget according to the member states budgets and the need to support growth policies through an increased quality of spending as overarching frame (Friends of Better Spending 2012a). In this respect, the core priority areas of the group were: Increasing the impact on growth and employment; enforcing macroeconomic conditionality; introducing a Common Strategic Framework (coherent and complementary spending); review spending; creating a reserve as incentive for good implementation; retaining national co-financing; making use of EIB expertise. These core interests have been reiterated during GAC meetings and have been put to paper on the occasion of two non-paper in spring 2012.[176] Thus the major aim of the group was "to spend better, not to spend more" (Friends of Better Spending 2012b).

Although the frame of "Better spending" was most prominently used by the net paying countries, it was not limited to supporting the claim of a reduced MFF, as also the "Friends of Cohesion" supported a better use of EU funds. However, from the cohesion countries' perspective, a better use of public funds would not automatically entail a reduction of spending (Friends of Cohesion 2012). For the "Friends of Cohesion" the outcome of the negotiations on cohesion and structural funds has been of great importance, as the respective national budgets strongly depend on EU support (Kalan et al. 2012, p. 1). Therefore, the countries supported a maintenance of the cohesion policy according to the Commission proposal and expressed their determination for a strong cohesion policy (Friends of Cohesion 2012). The countries displayed cohesion policy as a key investment tool. The "Friends of Cohesion" group, however, was not as visible as the "Friends of Better Spending". Furthermore they gathered rather late in the negotiation process and did not use the agenda-setting phase before the Commission communicated its budgetary proposals. Some of the EU member states, finally, were not affiliated to one of the two groups, such as for example the UK, Belgium and Luxemburg.

Altogether, negotiations inside the Council were primarily "number-based" as every member state supporting its one or two core priorities to be achieved in the budget negotiations. As budgetary politics by nature can always be broken down into precise figures, every member state needed to provide some material gains in the budgetary balances to bring home from the negotiations.

7.3.3 Interinstitutional Negotiations

The third phase of the MFF formulation phase aimed at brokering a deal between the Council and the European Parliament. Although the European Parliament had exchanged views with the Commission and the Council during the whole negotiation process, it was only now that the EP was formally included in the negotiations in order to give its consent to the MFF Regulation before the Council could take a final position (European Commission 2015c, p. 101). The Parliament also had to start negotiations with the Council on the roughly 70 legislative programs implementing the Financial Framework.

[176] However, the group of the signatory countries differs, for example France did not sign the second non-paper due to presidential elections closely before this date which resulted in a change of government Kaca, Toporowski 2012.

Different to its initial position through the SURE report, the European Parliament did not challenge the overall volume of the MFF after a final deal has been brokered inside the European Council. While not touching the overall agreed ceilings for commitments and payments of the MFF, the European Parliament demanded four core issues: A binding mid-term revision of the MFF in order to give the newly elected Parliament and Commission the possibility to change the EU budget; enhanced means of budgetary flexibility within the MFF through the use of Qualified Majority Voting; a reform of the own resources; and a strong commitment to strengthen "future-oriented" elements of the budget such as competitiveness and research (European Parliament 2013f).

Different to the Ordinary Legislative Procedure, the negotiations between the two legislative arms, the Council and the Parliament, began in the trialogue setting right away. Due to the specific MFF procedure, a first reading was not included. However, the trialogue meetings were delayed as the European Parliament brought a new issue in the MFF debate: In linking its approval to the MFF with the passing of an amending budget for the annual budget 2013, the European Parliament aimed at securing funding for the already underfinanced 2013 budget. Only when this issue was resolved, the trialogues could start in May 2013. The first official trialogue meeting took place on 13 May 2013[177] and a dozen of them followed until the final political agreement was taken on 28 June 2013 on the highest political level between the Presidents of the European Parliament, the Council and the European Commission (European Parliament 2014d, p. 18). The final EP vote on the MFF Regulation, however, only took place on 19 November 2013 as the legislative programs had to be finalized before the final decision on the MFF could be taken. Afterwards, the Council could also confirm the EPs vote by unanimity in the General Affairs Council on 2 December 2013.

7.3.4 Implementation

The implementation of the respective legislative programs which were decided with the MFF in order to put to life the financial decisions taken with the Multi-annual Financial Framework will not be covered in detail due to the sheer number of programs to be implemented between the two legislative arms, the Council and the European Parliament and due to the scope of research. On the national level, the ratification of the Own Resources Decision was needed in order to put into place the new revenue system which was also formally decided in December 2013. This national parliamentary decision on the own resources system only took place in the German Bundestag in March 2015 (Deutscher Bundestag 2015b; Deutscher Bundestag 2015c). Under the lead of the European Affairs Committee the Own Resources Decision taken by the German government was supported.

The budgetary policy cycle took 2 ½ years from the formal introduction of the Commission's proposal until the final decision in the Council – not counting the ratification of the Own Resources Decision inside the national parliamentary bodies. This reflects the strongly diverging positions between the member states and between the Council and the further EU institutions and the political nature of the dossier which could only been resolved on the highest political level in all phases of the budgetary policy process. From a parliamentary perspective, participation in the EU budgetary process took place at different points of the policy cycle. While the Bundestag did only

[177] ALDE, Trialogue on the 2014-2020 MFF: ALDE warns the Council against any duplicity, Press Statement, 13 May 2013.

participate in the MFF debate after the Commission's proposal, the European Parliament aimed at using the agenda-setting phase of the EU budget.

7.4 The Final MFF Decision

Although this chapter has been more interested in the process of representation and the respective positions of the parliamentary and other representative actors, the final decision on the MFF 2014-2020 is nevertheless of importance as it reflects to what extent the respective representative actors' positions were echoed in the final shape of the EU Budget. In the following both the final deal shall be very briefly touched upon.

In its *final decision*, the MFF 2014-2020 followed the overall historical development in EU budgetary decisions. The MFF was therefore rather following a path dependent nature in become increasingly status quo oriented. Despite the external context being largely shaped by the economic crisis, the budgetary deal is characterized by a strong notion of incremental adjustments and does not radically change the budgetary structure (Becker 2014a, p. 238). The MFF Regulation was concluded together with the Own Resources Decision and the Interinstitutional Agreement in the Council on 2 December 2013. The overall appropriations on commitments (960 billion €) and payments (908 billion €) respectively represent 1.00% and 0.95% of the EU's GNI and based on EU GNI Spring 2012 forecasts.[178]

Overall, the heading on smart inclusive growth is strengthened in the new framework, particularly the heading 1a on "Competitiveness for Growth and Jobs" received an increase of more than a third compared to the MFF 2007-2013, among them expenditure on research and development rising 7% over the years compared to the previous MFF (European Commission 2015c, p. 110). At the same time, cohesion policies, subsumed under the heading 1b), are bound to decrease over the next seven years. Headings 3 and 4 on security and on global Europe achieved an incremental increase of funds. In addition to the overall ceilings for commitments and payments, further special instruments were decided. These were counted outside the margins of the MFF while being displayed together with the MFF's ceilings (see figure 7.1). The reason for this was to enable flexibility for executive programs such as the Globalization Adjustment Fund or the Emergency Aid reserve. European flagship programs (such as the Galileo or ITER) were included in the overall MFF but secured with specific budgetary safeguards to prevent a budgetary contagion effect on other budgetary items in case one of these huge projects would need additional funds.

In terms of non-fiscal instruments, the principle of macroeconomic conditionality was introduced with the MFF 2014-2020. The program links expenditure in cohesion funds to the implementation of structural reforms in the EU member states. Furthermore, the MFF deal included more flexibility for payments and commitments across headings and across years with a view to allow the full use of the overall commitment and payment ceilings foreseen for 2014 to 2020.[179] No political solution was found on the revenue side of the budget – despite the overall political willingness to move towards a reform of the own resources system. In this respect, the ORD

[178] According to Commission's most recent estimates on the evolution of the EU GNI (Autumn 2013 forecasts), these figures will go up to respectively 1,04 and 0,99% of EU GNI, as presented in Commission's early 2014 technical adjustment to the MFF (COM(2013)928).

[179] Although full flexibility was not reached as the Council introduced some limitations, for example by deciding on overall ceilings until which funds can be used for flexibility.

codifies once again the system of own resources. Also, rebates were agreed for the UK (UK rebate), the Netherlands and Sweden (lump-sum payments, reduced VAT call rates); Denmark and Austria (lump-sum payments); Germany (reduced VAT call rates); furthermore, Germany, the Netherlands, Austria and Sweden dispose of a further rebate on financing the UK Rebate (Council of the European Union 2014) (see also figure 6.2, p.108).[180] Nevertheless, a "High-level group on Own Resources" was installed with the MFF decision in order to conduct a general assessment of the EU's own resources system.[181]

Measuring the final budgetary deal against the initial positions of the representative actors, the overall shape of the budgetary architecture underlines the prime influence of the "Friends of better spending" in the budgetary negotiations. The coalition was able to negotiate the budgetary stabilization of 1% GNI in commitments and 0.95% in payments. Furthermore macroeconomic oversight instruments were included which were equally a core demand of the group. These successes of the coalition, however, cannot only be explained by the power position of the coalition but also by the incremental nature of budgetary processes in the EU and the veto player situation inside the (European) Council. In terms of the Council's institutional interests, it members disposes of a strong notion of budgetary control, different to what could have been expected in national budgetary systems in the case of 28 veto players on budgetary decisions. Therefore, the general budgetary debate is more prone to the status quo from which those member states profit that do not demand budgetary increases (Benedetto 2013, p. 357). Different than the "Friends of better spending", the "Friends of Cohesion" constituted as a group rather late during the Council negotiation phase. In the end, although they prevented a further melting off of the cohesion funds, their initial target to keep cohesion policies at the 2013 level with potentially increasing its coverage did not prove possible.

In terms of its negotiation results, the German government was particularly successful in the budgetary negotiations compared to its initial positions. Most of all, securing a budget of 1% in payments has been a core demand of the German government. Further German demands that were met with the final budgetary deal were a rejection of a reform of the own resources system towards a new source of own resources and the conditionality of spending decisions. In this respect, the choice of a top-down budgetary process both inside the European Commission and inside the Council during the negotiations largely benefitted those member states striving for a reduced budget.

[180] Their share of financing the UK rebate is restricted to one fourth of their normal share, Article 5(b) ORD.
[181] Declaration added to MFFR; for an interim assessment, see Selle 2015.

Figure 7.1 Final MFF compromise and comparison to Agenda 2007 and COM proposals

(2011 prices)

COMMITMENT APPROPRIATIONS	2007-13		COM proposal (update July 2012)[1]		MFF 2014-2020 (EC agreement February 2013)		Difference: Final MFF vs COM proposal		Difference: Final MFF vs 2007-13	
	mill EUR	*% of total CA*	*mill EUR*	*% of total CA*	*mill EUR*	*% of total CA*	*mill EUR*	*%*	*mill EUR*	*%*
1. Smart and Inclusive Growth	446 788	44.9 %	503 310	48.2 %	450 763	47.0 %	-52 547	-10.4 %	3 975	0.9 %
1a. Competitiveness for Growth and Jobs[2]	91 541	9.2 %	164 316	15.7 %	125 614	13.1 %	-38 702	-23.6 %	34 073	37.2 %
1b. Economic, social and territorial cohesion	355 248	35.7 %	338 994	32.4 %	325 149	33.9 %	-13 845	-4.1 %	-30 099	-8.5 %
2. Sustainable Growth: Natural Resources	420 682	42.3 %	389 972	37.3 %	373 179	38.9 %	-16 793	-4.3 %	-47 503	-11.3 %
of which: Market related expenditure and direct payments[3]	318 820	32.1 %	286 551	27.4 %	277 851	28.9 %	-8 700	-3.0 %	-40 969	-12.9 %
3. Security and citizenship	12 396	1.2 %	18 809	1.8 %	15 686	1.6 %	-3 123	-16.6 %	3 290	26.5 %
4. Global Europe	56 815	5.7 %	70 000	6.7 %	58 704	6.1 %	-11 296	-16.1 %	1 889	3.3 %
5. Administration[4]	56 503	5.7 %	63 165	6.0 %	61 629	6.4 %	-1 536	-2.4 %	5 126	9.1 %
of which: Administrative expenditure of the institutions	0	0.0 %	0	0.0 %	0	0.0 %	0	-13.1 %	0	#DIV/0!
6. Compensations[5]	991	0.1 %	27	0.0 %	27	0.0 %	0		-964	
TOTAL COMMITMENT APPROPRIATIONS	**994 175**		**1 045 282**		**959 988**		**-85 294**	**-8.2 %**	**-34 187**	**-3.4 %**
as a percentage of GNI	1.12 %		1.09 %		1.00 %		-0.09 %			
TOTAL PAYMENT APPROPRIATIONS	**943 137**		**998 784**		**908 400**		**-90 384**	**-9.0 %**	**-34 737**	**-3.7 %**
as a percentage of GNI	1.07 %		1.04 %		0.95 %		-0.09 %			
OUTSIDE THE MFF										
Emergency Aid reserve	1 777		2 450		1 960		-490	-20.0 %	183	10.3 %
European Globalisation Adjustment Fund	3 573		3 000		1 050		-1 950	-65.0 %	-2 523	-70.6 %
European Union Solidarity Fund	7 146		7 000		3 500		-3 500	-50.0 %	-3 646	-51.0 %
Flexibility instrument	1 429		3 500		3 297		-203	-5.8 %	1 868	130.7 %
European Development Fund	26 930		30 319		26 984		-3 335	-11.0 %	54	0.2 %
TOTAL OUTSIDE THE MFF	**40 855**		**46 269**		**36 791**		**-9 477**	**-20.5 %**	**-4 063**	**-9.9 %**
as a percentage of GNI	0.05 %		0.05 %		0.04 %		-0.01 %			

1) The Commission proposal is presented here in the structure of the final MFF agreement with separate sub-headings 1a and 1b.

2) For comparison purpose, the Commission proposal for H1a is increased for the amounts for ITER and GMES that were proposed to be financed outside the MFF but finally re-integrated in H1a.

3) For 2007-13, the net ceiling for I pillar (Commission Decision 379/2009 as last amended) is taken into account which is after deductions of the modulation and other transfers to rural development. This net ceiling is then adjusted to comply with the structure of the 2014-20 subceiling (i.e. without market interventions in fisheries markets — to be financed under EMFF, and Food Safety — to be financed under H3; the voluntary modulation from rural development is added). For comparison purpose, the Commission proposal for H2 is increased by the amount of the reserve for crises that was proposed to be financed outside the MFF but finally integrated in H2.

4) For comparison purpose, the ceiling for H5 for 2007-13 is increased by the amount of staff contributions that are currently outside the MFF (i.e. EUR 500 million in 2004 prices).

5) Compensations: BG, RO for 2007-2009, HR for 2014.

Source: (European Commission 2015c, p. 110)

The European Parliament's core demands from its initial position for the Multi-annual Financial Framework were a budgetary increase of 5% and a stronger alignment of the MFF towards the Europe 2020 strategy. It envisaged a MFF with a new headings structure in order to be able to support economic governance, growth policies and employment in the European Union. On the institutional side, the demand of the EP was to gain more flexibility within the MFF's headings and to alter the Union's own resources system. After the deal inside the European Council, however, this initial position that was developed inside the SURE committee, was changed and institutional questions were taken more in the center of the EP's demands (flexibility; post-electoral revision; unity of budget; own resources system European Parliament 2014d, p. 15) and were then the basis for the negotiation with the Council.

Compared to the initial positions of the European Parliament on the size of the budget and a fundamental restructuration of the budgetary, the final compromise rather seems. The final MFF compromise in this respect did not fundamentally change the MFF. Nevertheless, the EP gained grounds at some institutionally and therefore strategically important positions: It enabled stronger measures of flexibility within and between the budgetary headings and an additional flexibility measure to use unused margins for commitments for growth and employment measures. This enables the EP to easier shift budget headings after the arduous negotiations on the MFF have been concluded. Furthermore, the EP achieved an amending budget for the 2013 annual budget of 11.2 billion € - in this respect linking the MFF negotiations with the annual budget where the EP has more direct policy influence. The EP was also without success with regard to a reform of the own resources system: After no agreement was reached in the Council, workings on a reform of the OR-system was in the end only delegated to a "High Level Group on Own Resources". In this respect, similar to the Agenda 2007 negotiations (Schild 2008, p. 543), the EP was not able to exert a fundamental policy influence compared to its budgetary demands, however, it was able to steer the negotiations in its direction mainly on the institutional structure of the Multi-annual Financial Framework.

PART III) PERFORMANCE OF REPRESENTATION IN THE EU BUDGETARY PROCESS

The wide-ranging package of budgetary programs on the revenue and expenditure side of the Multiannual Financial Framework together with implementing programs and further budgetary instruments also implicated a wide mix of parliamentary decision-making procedures vis-à-vis the MFF 2014-2020. The following part will therefore build upon the precise performance of parliamentary actors in the negotiations on the MFF 2014-2020. This empirical analysis will cover both the coordination of representation (chapter 8) and the use of representative claims in the EU budgetary process (chapter 9).

8. THE COORDINATION OF THE BUDGETARY PROCESS

Chapter 8 aims at tracing the internal coordination of budgetary politics in both national and supranational parliamentary bodies. It has already been highlighted in chapter 4.2.1. that it is the personal abilities of parliamentary actors, their strategies and practices that influence the coordination of a given policy dossier. This strategic coordination of the budgetary policy process thus touches on the respective personnel acting and the processes and individual and party-group focuses of coordination inside the parliamentary bodies in order to better understand the internal coordination or representation which can be referred to as the "standard operating procedures" of parliamentary actors.

8.1 Actors: Expertise and Prestige

For the coordination of budgetary representation, the actors and their experience in budgetary matters is an important factor of being able to properly conduct budgetary influence and convey the respective representative interests. As one Council official phrased it: "Without knowing the Nitty-gritty, you cannot move" (EuCo/1). Therefore, in order to successfully participate in the budgetary process, relevant expertise and analytical capacities need to be available (see also: Bauer et al. 2014, pp. 4–5). Expertise in this respect not only refers to a technical knowledge of budgetary politics but also to the political dimension of negotiation processes. For example, the Head of Cabinet of the Budget Commissioner, Marc Lemaître, held an important position close to the Budget Commissioner during the MFF 2014-2020 negotiations. His expertise was particularly important for the European Commission given the fact that he already steered the negotiations on the MFF 2007-2013 for the government of Luxembourg (COM/3). A second important factor in this respect is the standing, or prestige, of representatives. The question whether it is a back-bencher or a party leadership person engaging in the budgetary process may yield diverging results and disposes of a different level of influence on the steering the budgetary process. Both the experience and prestige of the major parliamentary actors involved in the MFF negotiations will be displayed by taking a look both at the representative actors and their staff inside the European Parliament and the Bundestag.

On a general account, both the European Commission and the member states in the Council are in a better position as the European Parliament and German Bundestag, thus reflecting classical parliamentary struggles over budgetary control and influence. Similar to the classical budgetary process, the MFF is drafted by the government executive (EU Commission), which disposes of a DG Budget with about 400 of staff which prepares and calculates the budgetary draft (Bauer et al. 2014). The Council as legislative body next to the Parliament, is able to rely on the respective

national ministries' expertise with respect to the budgetary negotiations. Parliamentary bodies, in comparison, have rather little analytical capacities. These capacities are furthermore fragmented not only between governmental levels but also between the respective party groups, the parliamentary research service and MPs staff working on budgetary issues. In this respect, the analytical asymmetry between parliament and governmental bodies largely mirrors national budgetary processes.

In the **European Parliament**, a high level of budgetary expertise prevailed in the MFF negotiations, both on the technical and political level. Inside the European Parliament, there were three coordinating institutions: the rapporteurs for the EU budget, the negotiations team and the contact group (see figure 8.1). The negotiation team coordinated the budgetary work from the side of the Budget Committee and negotiated on behalf of the European Parliament. Among its members counted experienced budgetary experts: Alain Lamassoure, chair of the Budget Committee has been in charge of budgetary affairs in the European Parliament since the 1990s and member of the Budget Committee since 2004.[182] Reimer Böge (EPP), rapporteur for the expenditure side of the EU budget, and Anne Jensen (ALDE), rapporteur for own resources, have both been members of the budget committee since 1999.[183] Further institution to steer the budgetary debate was the contact group which was installed by the EP President and consisted of a wider circle of MEPs from the Budget Committee. The members of the contact group were also distinct budgetary experts, some of them having 20 years of budgetary experience inside the European Parliament (such as in the case of Jutta Haug, S&D, or Jan Mulder, ALDE).[184]

Figure 8.1: European Parliament's Rapporteurs in the MFF Dossier

Rapporteurs MFF	**Negotiating Team**	**Contact Group**
	Budget Committee Chair: Alain Lamassoure, EPP	EP President: Martin Schulz, S&D
Reimer Böge, EPP (expenditure)	Reimer Böge, EPP	*EPP*: Alain Lamassoure, Salvador Garriga Polledo, Jean-Luc Dehaene, Reimer Böge
Ivailo Kalfin, S&D (expenditure)	Ivailo Kalfin, S&D	*S&D*: Jutta Haug, Ivailo Kalfin, Göran Färm,
Anne E. Jensen, ALDE (own resources)	Anne E. Jensen, ALDE	*ALDE*: Anne E. Jensen, George Lyon, Jan Mulder
Jean-Luc Dehaene, EPP (own resources)	Jean-Luc Dehaene, EPP	*Greens*: Helga Trüpel
		GUE-NGL: Jürgen Klute
		ECR: Richard Ashworth, Marta Andreasen

[182] http://www.europarl.europa.eu/meps/de/1204/ALAIN_LAMASSOURE_history.html, acc. 19.11.2016.
[183] http://www.europarl.europa.eu/meps/de/1037/REIMER_BOGE_history.html; http://www.europarl.europa.eu/meps/de/4440/ANNE+E._JENSEN_home.html, accessed 19.11.2016.
[184] See: http://www.europarl.europa.eu/meps/de/1914/JUTTA_HAUG_home.html, http://www.europarl.europa.eu/meps/de/1965/JAN_MULDER_home.html. The Greens Budget coordinator, Helga Trüpel, was member of the Budget Committee since ten years (http://www.europarl.europa.eu/meps/de/28240/HELGA_TRUPEL_history.html) accessed 19.11.2016.

Also the political advisors working on budgetary issues inside the European Parliament were rather experienced, some of them already steered the budgetary process during the MFF 2007-2013 negotiations. As being budgetary coordinators inside the party groups of the European Parliament and within the EP administration, the technical experts were fully involved with the MFF negotiations. However, they were also in charge of the negotiations to the annual budgetary procedure, both of the processes being leadingly debated inside the Budget Committee.[185] In terms of political prestige the budgetary experts from the European Parliament, however, did not play a dominant role within the respective party groups. Only Alain Lamassoure was a member of the board of the EPP group during 7th parliamentary term (2009-2014). Other MEPs did not play a formal role in the party leadership. The budgetary debate inside the EP, however, gained a distinct political prestige through the involvement of EP President Martin Schulz who set up and chaired the MFF Contact Group. In this respect, the direct involvement of the EP President added to the overall recognition of the MFF dossier and increased its prestige within parliament:

> „Of course President Schulz was involved in this dossier at it is a bit like the TTIP now, of course the role of the president is to enhance the major dossiers on the table. And Martin Schulz, of course, had meetings, regular meetings with Barroso and with van Rompuy on a number of issues and then there was the MFF every time on the agenda." (EP/4)

Thus, while the budgetary MEPs dispose of a great level of budgetary expertise, their party-political prestige with regard to their respective party groups is less distinct. The direct involvement of EP President Schulz, however, lifted the MFF's prestige on a political level. The expertise of the technical staff inside the EP is dispersed among party group budgetary experts, administrative experts and MEP staff.

In the **German Bundestag**, two committees were involved in the budgetary debate. The European Affairs Committee had the lead, while the Sub-Committee Europe of the Budget Committee was consulted. In terms of the respective rapporteurs of the dossier in the two committees an overlap can be observed (see figure 8.2), as some MdBs were both involved in the budgetary debate both inside the EAC and the Budget Committee, thus certainly facilitating the coordination between the two. However, the budgetary coordination inside the Bundestag, has been steered by a largely diverging sets of actors. In terms of budgetary experience, the members of the European Affairs Committee do not dispose of specific budgetary expertise, given the fact that the EAC treats a number of EU-related issues, such as EU accession, economic governance etc. As some MdBs were assigned both in sub-committee and in the EU affairs committee they disposed of institutional expertise both in budgetary and EU affairs.

On the staff level, the EU budget was coordinated by the policy experts located in the EU affairs section of the respective party groups. Therefore, the horizontal approach to budgetary coordination departed from the European Affairs Committee. As being EU affairs coordinators entails that on the technical, budgetary level the policy advisors disposes of a lower level of budgetary expertise compared to their colleagues in the European Parliament uniquely working on budgetary issues. The EAC policy experts also had different policy files to care for at that time. The structuration of the MFF coordination thus largely mirrored the ministerial competences, as the Ministry for Foreign Affairs was equally leading the process on the governmental level. Thus

[185] As the European Parliament disposes of a Budget Committee and a Committee on Budgetary Control, the Budget Committee is not in charge of ex post budgetary control.

the budgetary expertise inside the Bundestag was certainly lower, while at the same time the experience with regard to EU affairs and politics was higher.

Figure 8.2: Bundestag's Rapporteurs in the MFF Dossiers

European Affairs Committee (leading committee, MFF)	**Sub-Committee Europe of the Budget Committee**	**European Affairs Committee (leading committee, ORD)**
CDU/CSU: Bettina Kudla	CDU/CSU: Bettina Kudla	CDU/CSU: Uwe Feiler
SPD: Peer Steinbrück	SPD: Klaus Hagemann	SPD: Joachim Poß
FDP: Joachim Spatz, Stefan Ruppert	FDP: Joachim Spatz	
Die Linke: Diether Dehm	Die Linke: Michael Leutert	Die Linke: Diether Dehm
Bündnis 90/Die Grünen: Fritjof Schmidt (until 12/2011), then Manuel Sarrazin	Bündnis 90/Die Grünen: Manuel Sarrazin	Bündnis 90/Die Grünen: Manuel Sarrazin

In terms of prestige of the parliamentary actors involved in the MFF, it is generally the case that the European Affairs Committee holds less prestige than the Budget Committee which is one of the most prestigious committees inside the German Bundestag (see chapter 3.3). In terms of individual prestige, none of the formally involved MdBs represents a party leadership level or is member of the party group's board. Only the MFF coordinator from the liberal group, Stefan Ruppert (FDP), served at that time as parliamentary secretary of the party group. Also, the party-leadership – at least formally – did not participate in the steering of the MFF process. Inside the Bundestag, EU budgetary coordination can be described as being less continuous. According to the allocation of the EAC as lead committee, the EU expertise was more dominant than budgetary expertise, which can also be applied to the staff level which was equally recruited from the EU affairs experts inside the party groups.

8.2 Coordination Inside the European Parliament

As it has been carved out above, the internal dimension of representation refers to those practices that are related to interactive activities between political actors within a given political system. They thus aim to analyzing the internal coordination of a policy dossier as part of the representatives' work. They are set to represent the everyday practices parliamentary representatives use to steer a distinct dossier inside the representative system mirroring their motivation, practical knowledge and routines of coordination. They are thus the standards operating procedures used within a representative political system (in detail see ch. 4.2.; 4.4). In this respect, it is social practices, exchanges and coordination routines from the parliamentary representatives involved which are of most interest. As to the following analysis, two distinct layers are of importance: First the coordination inside the respective party groups, where the political emphasis, leading actors and the handling of the MFF dossier are of importance. Second, the coordination inside the parliament as a representative institution where the structures and personalities of coordination within parliament are to be looked upon more closely.

8.2.1 The Process of Coordination

With regard to the temporal development of budgetary coordination, **two major phases of budgetary coordination can be distinguished inside the European Parliament**: The positioning phase and the negotiating phase. Each disposes of diverging mechanisms of coordination and directions of occupation towards the EU budget.

In the early phases of budgetary coordination, **the positioning phase**, roughly from the start of the SURE committee's work in July 2010 to the final compromise inside the European Council in February 2013, most parliamentary coordination was done around finding and communicating a common parliamentary position. In the early positioning phase, the SURE committee had a central position in drafting and assembling the parliamentary position. Different to the European Commission and the Council, the European Parliament followed a bottom-up-approach in assembling its budgetary goals. In not setting an overall budgetary target, all programs had to follow in their spending decisions. This led to an adding up of spending wishes from the different interests inside the European Parliament. Furthermore, the political direction given by the EP President was not to distribute precise numbers to the budgetary demands elaborated by the Parliament.

> „President Schulz has one time said 'no figures'. (…) you could do your work but without figures, put 'XX' in brackets. But at one stage, of course, the committees wanted to have figures, because from that figures was flowing their priorities in the programs. If we have 22 billion over the period then you can push one priority over another priority in the program." (EP/4)

After the formal proposal of the MFF Draft in June 2011, the Budget Committee, the party groups and the sectoral committees were set to analyze the proposals in light of the parliament's SURE report. Therefore, in the early Council phase of negotiations, the EP has been not particularly active as what regards the adoption of resolutions or plenary debates. The first phases have not been followed by parliamentary statements, as the parliament in the Budget Committee and sectoral committees were analyzing the Commission draft.

In 2012, two interim reports were voted in plenary: One before the Council Presidency was handed over form the Danish to the Cypriot Presidency and a second one in October 2012 before the European Council was set to debate the MFF extensively for the first time. While the first resolution (European Parliament 2012b) is short and by and large represents an affirmation of the SURE position of 2011, the second interim resolution of October 2012 (European Parliament 2012c) was directed towards the Heads of State and Government and updated the EP's position. Here, the Parliament set slightly different emphases as in the SURE report. While insisting on the need to use the budget as a tool to deliver growth and to set European political priorities, the report does not reiterate the demand of a 5% budgetary increase but states that

> "Without an adequate increase in the budget above the level of the 2013 ceilings, several EU priorities and policies will have to be revised downwards or even abandoned" (European Parliament 2012c, pt. 19).

While the EP supported better spending policies, the report openly rejects the introduction of provisions of macroeconomic conditionality and underlines the need for a mid-term revision and more budgetary flexibility in terms of structural demands. Different than the SURE report, the interim report did not persist on the duration of the MFF of a 5+5 cycle but also mentions a 7-year duration as transitional solution. In this respect, the European Parliament softened its tone towards the European Council. The resolution was adopted by a broad majority (517:105:63). It

also contained some rebel votes among them a high-level German EPP MEP voting against the resolution (Becker 2014d, p. 32; EP/3).

During the Council negotiating phase, the EP's negotiation team was invited to the General Affairs Council to state its position. It was also invited to participate in informal GAC meetings that were held in 2011 and early 2012.[186] However, this was perceived as little meaningful inside the European Parliament. Not only that despite EP President Schulz and Budget Committee Chair Lamassoure few budget MEPs disposed of contact persons inside the Council (and later European Council), but also the MEPs perceived the meetings as mere informative exchange of views but not as a real interaction.

> "They went all the time (to the GAC; LS), they were invited, even to Cyprus under the Cyprus presidency. But you know, the entry into the debate never came. They (members of the Council, LS) were listening, they were nice interlocutors, but (…) there was no direct link." (EP/4)

> „(Es war sinnvoll; LS) dass man dann einen regelmäßigen Austausch hatte, vor und nach den GAC-Sitzungen und die Teilnahme an den informellen GAC-Sitzungen. Das war schon gegeben, hat aber im Ende nicht wirklich viel gebracht." (EP/3)

> „Ich habe schon in der Vorbereitung auf unseren Bericht und dann die Position des Parlaments mit versucht einen Ansprechpartner im Rat zu kriegen. Gibt's nicht; im Ratssekretariat, haben die uns gesagt ‚nein das macht die Ratspräsidentschaft', dann habe ich mit der Ratspräsidentschaft gesprochen und die sagte ‚nein, wir machen da gar nichts, wir moderieren allenfalls'. (…) Mit wem redet man dann?" (MEP/3)

In the final negotiation phase, when the European Council took over the MFF dossier in November 2012, EP President Schulz had the opportunity to put forward the parliamentary position during the introductory speeches of the European Council meeting, however, due to the internal procedures of the European Council has not been allowed to stay during the debates among the Heads of State and Government.[187] In plenary sittings, MEPs furthermore complained about the fact that Herman van Rompuy, President of the European Council, did not appear in front of the plenary to debate on the EuCo conclusions.[188] Also MEPs and political advisors were not able to exchange on technical questions with the EuCo secretariat during the negotiations led by the European Council (EP/2, EP/5).[189] This has been particularly important, as for the first time President of the European Council disposed of a direct influence due to the institutionalization of the European Council with the Treaty of Lisbon and therefore had an important agenda-setting function during the European Council negotiating phase (Ferrer 2012b). The positioning phase, when the EP was not formally embedded in the MFF negotiations, was thus primarily centered on communicating a joint parliamentary position.

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[186] Council of the European Union (2012): Note from the Presidency to the Permanent Representatives Committee/Council, Multiannual Financial Framework (2014-2020) - Organisation of work within the Council in the second semester 2012, 2 July 2012; see also i.a. http://www.cy2012.eu/en/news/press-release-revised-negotiating-box-to-top-the-bill-at-the-general-affairs-council, accessed 19.11.2016; European Parliament 2014d, pp. 6–7.

[187] Art. 4.2, Rules of Procedure of the European Council, http://europa.eu/eu-law/decision-making/procedures/pdf/rules_of_procedure_of_the_council/rules_of_procedure_of_the_council_en.pdf, accessed 19.11.2016.

[188] This was criticized i.a. by Hannes Swoboda, S&D: "Why is Mr. Van Rompuy absent? (…) Mr. Van Rompuy should be here to defend his budget and his budget cuts", EP plenary debate, 21 November 2012.

[189] Interestingly, this has been perceived otherwise by policy advisors inside the secretariat of the European Council stating that there were good working relations with members of the European Parliament.

The **negotiation phase** started inside the European Parliament after the conclusions of the European Council on 8 February 2013. From then, the European Parliament assumed its formal negotiation position. While before, the EP was more of an external actor to the Council negotiations in trying to influence the process via its resolutions and formal positions, from February 2013 it was directly part of the budgetary negotiations. In a Joint Declaration on the day after the European Council agreed on a political agreement on the MFFR and ORD, the leaders of the main political groups inside the European Parliament stated that "the real negotiations will start now with the European Parliament".[190] In March 2013, the EP voted on a further resolution which was again adopted by a broad majority (506:161:23; European Parliament 2013f). Once more, the EPP saw one rejection and three abstentions among the German MEPs (Becker 2014b). The resolution aimed to reiterate the core demands of the European Parliament and to equip the negotiating team with a strong mandate for the negotiations with the Council. In the resolution, the EP thus

> "takes note of the European Council's conclusions on the MFF, which represent no more than a political agreement between Heads of State and Government; rejects this agreement in its current form as it does not reflect the priorities and concerns expressed by Parliament" (ibid.: 1)

However despite the overall rejection of the European Council conclusions, in the subsequent resolution the European Parliament chose to not challenge the overall figures agreed upon by the Heads of State and Government. Instead it underlined the need to agree on additional measures of flexibility in the MFF.[191] Further issues underlined were the demands of a binding revision clause of the MFF (instead of a general review that happened in 2008); a reform of the own resources system following the Commission's proposal; and insisting on a unitary and transparent budget. The overall emphasis of this resolution is the based on the self-perception of the European Parliament as being an equal budget authority to the Council and that decisions taken by the European Council would not be legitimate in the eyes of parliament. The decision of not challenging the overall figures of the MFF while aiming at procedural and institutional changes to the MFF was decided by all major party groups, though not all MEPs and policy advisor were fully convinced of this being the right strategy.[192]

In the internal coordination of the trialogue negotiations, the EP's working structure became more hierarchical. While the Budget Committee remained the central coordinating institution, the political power center shifted towards the EP President Schulz and the President of the budget committee, Alain Lamassoure, which were leading the negotiation team. The EP President played an important brokering role towards the other EU institutions as he had regular meetings with the Presidents of the Commission and the European Council.[193] The final trialogue meetings were mostly steered by those two. Although they were formally bound to the negotiation mandate, the negotiation team disposed of a considerable leeway, which was provided by the principal support

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[190] Joint Statement to the Press by Joseph Daul, on behalf of the EPP Group, Hannes Swoboda, on behalf of the S&D Group, and Guy Verhofstadt, on behalf of the ALDE Group and on behalf of the Greens/EFA Group Rebecca Harms and Daniel Cohn-Bendit 2/8/2013.

[191] These related to flexibility between and within headings, as well as between financial years such as i.a. the attribution of global margins of payment, global margins for commitments, the use of a budgetary surplus and further flexibility instruments.

[192] As one policy advisor underlined: "If you don't challenge the figures, you don't challenge anything", see i.a. interviews EP/2, EP/3.

[193] See also: Art. 89, Rules of Procedure of the European Parliament, European Parliament 2014c.

of the directions of negotiations of the two big party groups both Schulz and Lamassoure represented (EPP and S&D).

„Der Vorsitzende des Haushaltsausschusses Lamassoure hat schon eine wichtige Rolle gespielt und hat ganz zum Schluss die Rolle gespielt sich eben doch auf viele Konflikte einzulassen und viele Interessen, die das Parlament vorher formuliert hat, die wir auch in Resolutionen festgehalten hatten dann eben nicht mehr so dezidiert vertreten. Schulz hat auch als Präsident diesen Kompromiss mit ausgehandelt, wo er viele Interessen des Parlaments, auch nach Flexibilität innerhalb des Haushalts und auch nach Akzeptanz der Zahlen des Rates, dem EVP, S&D und ALDE zugestimmt hatten." (MEP/1)

"Everything happened in this really short closed meetings with Lamassoure and the Irish presidency." (EP/5)

The negotiation team and the President disposed of more political leeway in the adoption of a final position as they represented the two biggest parliamentary groups inside the European Parliament. Between 13 May and 27 June 2013 numerous trialogue meetings took place. In the course of the negotiations, the political groups repeatedly threatened to let the negotiations fail if the Council would not negotiate properly.[194] The final deal on the MFF was then struck on 27 July 2013 inside the Conference of Presidents between EP President Schulz, Commission President Barroso and the President of the Council, Enda Kenny (European Parliament 2014d, p. 4).

"On Thursday morning he [Martin Schulz, LS] (…) came back to conference of presidents [of the European Parliament; LS] and said 'I have a deal'. Of course, EPP agreed already a week before, so it was okay; he negotiated on behalf the socialists, so the socialists were okay; and the liberals didn't get anything but they had to agree because they always agree. " (EP/2)

It was endorsed by the EP plenary on 3 July 2013 (European Parliament 2013g). Although the resolution did not represent the final consent to the MFFR, it explained and justified the EP's support for the final decision on the shape of the expenditure side of the EU budget. Different to the other parliamentary resolutions, the "Resolution on the political agreement on the Multiannual Financial Framework 2014-2020" was not supported by the Green party group and the GUE-NGL group. The resolution explains the final agreement on the MFF 2014-2020 from the EP's perspective and highlights the amendments, the European Parliament achieved in the negotiations with the Council.

"[T]hanks to Parliament's persistence in the negotiations – a number of provisions have been adopted for the first time which will be instrumental in making the new financial framework operational, consistent, transparent and more responsive to the needs of EU citizens; highlights, in particular, the new arrangements relating to revision of the MFF, flexibility, own resources and the unity and transparency of the budget, which were key priorities for Parliament in the negotiations." (European Parliament 2013g, p. 1)

The resolution further claims it successes of those initial demands that were made in the beginning of the trialogue such as linking an agreement of outstanding commitments with consent to MFF (point 4), or linking the parliamentary consent to the final adoption of a legal programs negotiated in parallel (point 7). Among the political priorities achieved, the European Parliament counts the youth initiative, which was equipped with more funds and a so-called "front-loading"-mechanism,[195] the Horizon 2020 and Erasmus program and an increase of food programs for the poorest parts of the European societies. The party groups in the European Parliament stressed different achievements in their statements. The conservatives highlighted the responsibility taken by the European Parliament and the gain of further flexibility measures and the increase of funds for social programs such as the Aid for the most deprived. The Green group criticized the overall

[194] See i.a.: Press Statement S&D, 16 May 2013; Press Statement ALDE, 24 June 2013.
[195] Meaning that programs can be funded ex ante in order to make them operational.

cuts to the budget and the lack of ambition to deal with the consequences of the economic crisis such as unemployment and poverty.[196]

After the simultaneously negotiated legislative programs were equally passed through parliament, the Budget committee voted in favor of supporting the MFF on 15 November 2013 (28:5:0[197]). The final consent to the expenditure side of the EU budget was given by the EP plenary on 19 November 2013 (537:126:19, European Parliament 2013a), again without support from the green and left political groups.[198] After the conclusion of the MFF dossier and the formal end of the budgetary debate inside the European Parliament, it was nevertheless still heatedly debated to what extent the final deal reflected the initial positions of the EP (see i.a. (European Parliament 2014d). Although a gain of flexibility has been appraised by the Members of Parliament, inside the EP was a large consensus that the EP wasn't able to change much in the MFF negotiations (MEP/3; MEP/1) and that there has been a fundamental asymmetry between the European Parliament and the Council in the final negotiations (European Parliament 2014d, p. 7).[199] This asymmetry was also expanded by the structure of budgetary negotiations between the EP and the Council:

> "And finally, February, decision by the European Council. And there, legitimately, the Parliament hoped that the negotiations were starting, but the negotiations were come to an end. Because the member states explained, declared, confirmed and proved that it is so difficult for them that the alternative for the European Parliament would be only to give its consent" (EP/1)

In March 2014, the European Parliament voted on a follow-up Own Initiative Report containing the "lessons learned" from the budgetary negotiations (European Parliament 2014d).[200] This "Kalfin report" underlined some of the major achievements and flaws of the MFF process as perceived by the European Parliament. While underlining the Parliament's achievements on a more flexible and transparent budget, the Parliament also underlined its critique of the MFF process where the EP saw a lack of ambition from the member states perspective and criticized an "accounting vision of the budget" (European Parliament 2014d, p. 5) which did not reflect the political priorities of the Union. In terms of procedures, the EP underlined that its role as budget authority has not been respected in the MFF negotiations and perceived that no meaningful interaction took place between Council and Parliament (ibid.: 6). Furthermore, the EP regretted the overall top-down approach in the budgeting process. As to its own position inside the budgetary process, the European Parliament underlined the importance of the SURE committee in framing a common position for the MFF negotiations and to remain united along the process (European Parliament 2014d, p. 6).

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196 Press releases of the respective party from 27 June 2013, see: http://www.eppgroup.eu/press-release/MFF%3A-firmness-of-European-Parliament-has-paid-off; http://www.greens-efa.eu/multiannual-financial-framework-10185.html, accessed 19.11.2016.

197http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&mode=XML&reference=A7-2013-0389&language=EN, accessed 19.11.2016.

198 Within the group of German MEPs only the ALDE (FDP) member Nadia Hirsch did not follow the party group line, while the Green MEP Rebecca Harms did not vote at all.

199 While the Kalfin-Report in this respect only touches on the divergences of the negotiation background, many MEPs and policy advisors underlined the structural asymmetries during negotiations, while the Council was represented by ministerial experts, the European Parliament was represented by political representatives which ex officio disposed of less technical knowledge, thus aiming for a political deal, the Council experts weren't mandated to from their governments.

200 The report was voted in committee with 16:3:1 and confirmed in plenary by 442:170:39.

8.2.2 Coordination Inside Party Groups

In terms of the parliamentary coordination inside party groups, the early phases of the budgetary deliberation were marked by the temporary **SURE committee**. Set up in July 2010, it also kicked of the budgetary deliberations inside the EP's party groups (see chapter 7.2). But although the committee was set up one year ahead of the formal deadline for the European Commission to propose a draft MFF Regulation and Own Resources Decision, many EP party groups only adopted their internal positions in early 2011. While the ALDE group was one of the earliest groups to debate on the MFF already in September 2010 and decided on their final position in December 2010 (ALDE 2010), other groups, however, only started their deliberations in 2011:

> "The first point when I started working for my group which was in 2011 we made a work internally to have a position paper within our group to define our position from the beginning to the budget as such." (EP/2)

While being too late for a significant influence on the Commission's draft budgets (see chapter 7.3), the SURE report nevertheless served as a uniting document inside the European Parliament in the subsequent negotiations as it spelled out in detail the positions of the EP.

Inside the EP's party groups, the budgetary dossier, comprising of the MFFR, the Own Resources Decision and implementing legislation, was perceived as a "monster of coordination".

> „Innerhalb der Fraktion (…) war (es, LS) die Koordination der Koordination auf allen Ebenen" (EP/3)

In terms of party group coordination, the budget advisors were the ones steering and managing the budgetary debate inside the respective groups, together with other advisors working for rapporteurs of negotiating teams. In order to enable a political debate on budgetary issues, all party groups set up **horizontal working structures** in order to link budgetary with sectoral experts both in preparation of the EP's position and during the negotiations. In the beginning, most emphasis was on broader aspects of education in order to make MEPs understand what the MFF is and how to shape it. Since the last MFF was debated in the former legislative period, not all members of parliament were familiar with the procedures and implications.

> „It was a very interesting and nice process. I mean, as of June 2011, we've set up a horizontal working group. All MEPs were invited and the first six to eight months we spent times analyzing within the group. I drew up fact sheets and we have worked on every policy area, trying to explain them, what was at stake, explain the internal relationship between the MFF and the IIA, the ceilings, the programs. (…)We spend a lot a lot of time being 'pédagogique', trying to make them understand what was at stake. And we've adopted one or two position papers, very short ones, at the different stages of the negotiation process. What was really important is constant information and 'pédagogique', as it is for the whole budget basically." (EP/5)

This horizontal procedure was not only important for the initial positioning of the respective party groups in the MFF process but also to link the budgetary with sectoral experts as implementing regulations of the MFF were debated while the overall MFF was still negotiated between European Parliament and Council.

However, the debate on the party groups' priorities also entailed **conflicts**, mostly between the budget committee and sectoral committees. While the budget committee largely focused on the overall figures, programs and headings of the MFF Regulation and the bigger picture of budgetary politics; sectoral committees naturally focused on their narrow points of interest within the respective budgetary headings.

> „Man hatte schon in der Fraktion gewisse Leute, (…), der halt immer wieder darauf gepocht hat es gehe um Zahlen, Zahlen, Zahlen und uns ging es um Prinzipien. Und da merkt man eben die Unterschiede im

Herangehen. Die Leute aus dem Haushalt, und die anderen Leute, die immer denken die Haushälter wollen sie über Ohr hauen." (EP/3)

The most dominant committees in this respect were the agriculture and cohesion committees that took a particularly active position in the respective party groups.

„Die stärksten waren wirklich die Kohäsionsleute, also die Polen. Das hat man eben auch in der Kontaktgruppe gemerkt, dass das eben die Leute waren, die am stärksten immer wieder dafür eingetreten sind, dass die berücksichtigt werden müssen. Und dass sie keine Kürzungen wollen. Die Forschungsleute, obwohl sie ja Europa 2020 Prioritäten hatten, waren nicht so aktiv im Lobbying wie Kohäsionsleute." (EP/3)

The MEPs from the Budget Committee and the party group advisors thus had to accommodate the overarching interests of the budget committee with those of the sectoral committees within their party-political positioning. In this respect, both sets of actors, MEPs and policy advisors, played an important role: While MEPs provided the political guidance of the process both within the respective working groups and with the presidents of the party groups, the **political advisors were important actors** in terms of budget experts that not only advised the MEPs but also tried to put the political ideas in budgetary practice. Budgetary policy experts and the party group staff were important because of their technical expertise and educative function towards the Members of Parliament. Furthermore, they were the key actors to steer the overall horizontal budgetary process. In the coordinative work on the party group level, a strong sense of cooperation with other party groups was perceived by the political advisors.

„I together with my colleagues from the EPP and the liberals we tried to find the position of the parliament, once we knew what was basically the limits what we could do." (EP/5)

"At staff level between the four big groups, also with the budget secretariat, (…) we got a certain group of peoples, so we could exchange, see what we can do, share perspectives and positions" (EP/2)

This central position of budget experts in the organization of the budgetary process already begun in 2011 with the SURE committee, thus the time frame of budgetary cooperation span over a period of 3 ½ years. In this respect, the coordination inside party groups and inside the parliament as a whole was strongly linked, not only on the staff level but also among MEPs that aimed at uniting the Parliament behind one position. In terms of their **representative interests**, the MEPs strongly favored a more principal and institutional picture of budgetary politics, while sectoral experts within the party groups favored their respective sectoral interests. Inside the party groups, cleavages were mostly between agricultural interests and cohesion interests as being particularly influential sectoral policies financed by the EU budget, and the overarching institutional budgetary interests that were foremost advanced by the budget committee.

8.2.3 Coordination Inside Parliament

Due to the structure of the EU political system, the European Parliament had strong incentives to enable the taking of a unified parliamentary position against the Council in order to strengthen its negotiations position (see chapter 5). This unified position can be assumed to be a core interest of parliamentary representation inside the EP during the budgetary process. As the MFF 2014-2020 was negotiated under the new rules of the Lisbon Treaty, the European Parliament was furthermore eager to safeguard – and ideally expand – its position in the budgetary negotiation process. It thus framed the budgetary negotiations in terms of "nothing is agreed until everything is agreed" (European Parliament 2013f), in order to underline that the EP had to give its final consent to a deal so that any deal should take into account the parliamentary position. In the following, both the institutional structures of budgetary coordination, the central institutional

structures, actors, information and transparency of the process will be looked upon and territorial and party-political interests and focuses of representation inside the European Parliament.

In terms of the institutional structures of representative coordination inside the European Parliament, three central institutions have to be named: The SURE committee, the budget committee and the contact group.

The **SURE committee**, as being a temporal committee crated ahead of the formal start of the budgetary process, aimed at debating and defining the parliamentary position towards the MFF 2014-2020. Its aim was to define the positions the EP would use in the subsequent negotiations. Members of the SURE committee were mostly members of the Budget Committee, especially on the coordinator-level, but it also included party leadership MEPs and sectoral committees (European Parliament 2011b, pp. 47–49). The SURE committee defined the parliamentary position towards the MFF that was later used in the negotiation phase as the baseline position of the European Parliament:

> „Dann hatte man natürlich im Verhandlungsteam die Abstimmung, wobei man da ja auch durch die Positionierung des SURE-Ausschusses gewiss gebunden waren und da fühlten sich auch alle Mitglieder des Verhandlungsteams auch wirklich gebunden." (EP/3)

However, the SURE committee was perceived differently inside the European Parliament: From the position of some MEPs, the SURE report presented a reasoned position reflecting the unity of the parliament:

> „Ich bin immer noch der felsenfesten Überzeugung, dass haben wir richtig gut hinbekommen, die Positionierung als Parlament. Ich glaube auch, dass das deshalb so war weil sich niemand über den Tisch gezogen gefühlt hat." (MEP/3)

> „Wir haben uns immer wieder für die Zusammenarbeit der unterschiedlichen Fraktionen eingesetzt. Gut, wir waren uns ja alle einig, was wollen wir mit dem europäischen Haushalt. Wir wollen nicht die großen Spendierhosen anhaben, nicht mal die Südländer, sondern wir haben uns wirklich versucht, ganz sachlich inhaltlich auseinanderzusetzen." (MEP/3)

Others, however, criticized internal leadership struggles regarding the chair of SURE and the members of the committee. Because of that, the committee had been created too late so that its final report being published only days before the Commission published its draft budget (EP/4; EP/5).

In terms of its internal coordination, the SURE committee worked along a "bottom-up" approach to determine its budgetary demands. Therefore, it was possible to pile up demands from the sectoral committees without a clear-cut intervention from the part of experts from the budget committee in order to limit spending. The committee was therefore "allowed to dream" (EP/4):

> "Da hatten wir eben (einen, LS) Ausschuss, wo jeder seinen Claim abgesteckt und das führte dann dazu, dass man nirgendwo so richtig kürzt, sondern (sagt, LS) ‚Okay, wir wollen überall Mehr'." (EP/3)

This bottom-up approach then resulted in the overall claim of a 5% increase of budgetary spending which was the overall demand of the European Parliament through the SURE committee. Compared to the initial positions of the EP political groups it can be noted that the SURE

committee allowed the EP party groups to leave the cautious framing of budgetary demands and allowed a strong statement on an increase of the Multiannual Financial Framework.[201]

The second important coordinating institution was the **Budget Committee**, which took over the formal steering function inside the European Parliament after the Commission proposed the MFFR and ORD. The committee was the central institution of budgetary coordination. It followed the negotiations in Council and European Council, exchanged with Commission officials and prepared parliamentary resolutions. The committee assigned four rapporteurs, two working on expenditure aspects and two working on own resources questions. The rapporteurs and the Committee Chair, Alain Lamassoure, formed the negotiating team, which represented the European Parliament in the negotiations with the Council. In the negotiating group only MEPs from EPP, S&D and ALDE were present thus leading to the situation that Greens and GUE-NGL were not politically represented in the negotiations, only being represented by the policy advisors that had access to the meetings of the negotiation group.

A third important coordinating institution, although being an informal one, was the **Contact Group**. The group centralized budgetary information and exchange in the hands of the EP President's Office. EP President Martin Schulz aimed to bring together relevant budget experts from parliament in order to keep the strings together and the President informed.[202]

> "The President chairs it (the Contact Group; LS) (…). So the President sets the center of things and on the one side he has typically either his Head of Cabinet or the advisor dealing with the budget and on the other side Mr. Welle (Secretary General, European Parliament; LS)." (EP/1)

The Contact Group was installed in 2011 after the publication of the Commission proposals and chaired by EP President Martin Schulz. It had regular meetings to coordinate the EP's position and thus underlined the importance of budgetary politics inside the European Parliament due to the direct involvement of the President. As with the new MFF Regulation, for the first time simultaneous negotiations on the MFFR and secondary legislation took place, the contact group was supposed to keep the budgetary strings together. Because of the political importance of the dossier and the fact that everything was negotiated in parallel, the Contact Group was the attempt to centralize budgetary debates and to include the EP President in the overarching debates in order to set the big lines together with all party groups and relevant committees with regard to the budgetary negotiations. Such a structure, however, is not formally foreseen in the rules of procedure of the European Parliament (European Parliament 2014c)[203]. The contact group was regarded to be a central institution of coordination from the Members of Parliament:

> "(…) Wir waren dann die Gruppe, die unsere Leute (the negotiation group; LS) dann immer mit einem Mandat versehen hat. Diskutieren wie weit ist der Rat, wie weit geht er überhaupt. Und es waren ja nicht nur die formellen Verhandlungsrunden mit dem Parlament gelaufen sondern super viele informelle Gespräche des Präsidenten mit den jew. Ratspräsidenten oder auch Regierungschefs." (MEP/3, see also: MEP/2)

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[201] This approach predominantly led to the situation that the EP's position was not perceived as being a valuable foundation for debate in the member states and inside the Council (GER/2; GER/3; Council/1).

[202] Permanent members of the contact group were: Martin Schulz, Alain Lamassoure, Jutta Haug, Ivailo Kalvin, Salvador Garriga Polledo, Göran Färm, Richard Ashworth, Jürgen Klute, Marta Andreasen, Jean-Luc Dehaene, Helga Trüpel, Reimer Böge, Anne Jensen, George Lyon, Jan Mulder. Furthermore members of the EP's political groups, the EP administration, President's office and the budget secretariat attended the meetings.

[203] Although indeed, the President disposes of considerable procedural powers as s/he shall "enjoy all the powers necessary to preside over the proceedings of Parliament and to ensure that they are properly conducted" European Parliament 2014c, p. 23–23.

In terms of the institutions of budgetary coordination, the EP's position in the MFF negotiations is characterized by complex layers of coordination: While formally the Budget Committee was the leading institution during the MFF negotiations, the SURE committee was in charge of defining the initial parliamentary position, while the Contact Group can best be described as a presidential working group to exchange on budgetary matters and set the political direction of the proces. Not only that the contact group gave an overall direction to the budgetary deliberation process, but it also contributed to a strengthening of a party-political approach to budgetary politics, as all party groups were invited to the Contact Group meetings where the strategic approach to the budgetary process was deliberated (MEP/3; EP/3).

As the votes on the respective parliamentary resolutions underline, the **intra-parliamentary cooperation** had a huge importance within the positioning phase of the budgetary debate and was perceived by many parliamentary representatives as more important than the respective coordination inside the party groups:

> „Relevant war es vor allem für das Parlament selber, das muss ich wirklich sagen. Wir haben uns immer wieder für die Zusammenarbeit der unterschiedlichen Fraktionen eingesetzt. Gut, wir waren uns ja alle einig, was wollen wir mit dem europäischen Haushalt. Wir wollen nicht die großen Spendierhosen anhaben, nicht mal die Südländer, sondern wir haben uns wirklich versucht, ganz sachlich inhaltlich auseinanderzusetzen." (MEP/3)

> "Ich habe mich hier natürlich auch mit Kollegen aus den anderen Fraktionen ausgetauscht (…). Es gab hier im Kreis der Kollegen fraktionsübergreifende Initiativen wie den SURE Ausschuss, der die Vorbereitung des MFF parlamentsseitig gebündelt hat. Wo auch schon viel in die Kooperation mit den Kollegen investiert worden ist." (MEP/1)

However, this changed when the European Parliament formally entered the negotiations with the Council in the second phase of the parliamentary coordination. The EP President and the lead negotiator took a dominant role in the trialogue negotiations. This importance of a parliamentary hierarchy mirrored by the high political importance given to the dossier inside the EP. It came together with an overall low level of transparency as to the budgetary process itself. Due to the budgetary negotiations being conducted in trialogue meetings where not all party groups were included and further bilateral meetings between the EP President, the Council- and Commission Presidents there was less parliamentary openness. Due to the nature of trialogue negotiations, no clear timeline existed as to the structure of the budgetary debate. Despite the low level of transparency on the parliamentary proceedings, the interest of parliamentary actors was particularly high during this phase of the budgetary process.[204]

In this final phase of the budgetary negotiations, the overall direction was more party-politically motivated, as finding a political deal on the EU budget was perceived as being more important than upholding parliamentary unity. This **party-political competition** came with a side-lining of interests of the Green and Left party groups. A further major conflict in this respect was the question of how much pressure could or should be put on the Council negotiators. This also comprised the overarching and virulent question inside the European Parliament – and across political groups – whether or not the MFF Resolution should be outright rejected in order to enable a renegotiation of the budgetary deal. Behind this was the perspective that a rejection of the MFFR

[204] This is underlined by a high number of press releases that were issued by the party groups during the trialogue negotiation phase. According to own estimation 15 out of a total of 69 press releases during the MFF negotiations were published during the trialogue negotiations from 13 May to 20 June 2013, equaling to roughly 20% of total press releases.

would strengthen the institutional position of the European Parliament and would give the next Parliament, to be elected in May 2014 only one year from the trilogue negotiations, a chance to further shape the budgetary outcome (see: EP/4; EP/3; EP/2).

In the end, this question did not find a majority among the political groups. This has been also influenced by political linkages between national and European parties that grew more important in the final phase of the budgetary negotiations. Some EP political groups were put under pressure from their national party leaders in order to enable a budgetary deal between the EP and the Council. National party groups – particularly, but not exclusively, from the national parties in government – influenced the negotiations and called to support a final deal. In the end, therefore: "MEPs didn't want to fight against their own national leaders" (EP/2).[205] This has also been underlined by the national parliamentary statements towards the EP.

> "Jetzt ist das Europäische Parlament gefordert, diesem Kompromiss schnell zuzustimmen. Ein erneutes Aufschnüren des Finanzpaketes hilft keinem der Beteiligten." (CDU/CSU, 8 February 2013)[206]

> „Ich habe auch viel mit dem Helmuth Markov gesprochen, der erst im EP war und dann Finanzminister in Brandenburg geworden ist. Der sagte, ich kann das alles verstehen was ihr da macht, wenn ihr euch nicht einig werdet mit dem Rat, aber bei uns hängen 30-40% des Haushaltes davon ab." (MEP/4)

In the positioning phase of the EU budgetary debate, an overall principle of cooperation was prevailing between party groups inside the European Parliament. Cooperation above party lines was a genuine driver for the budgetary debate – be it within the SURE committee, the budget committee or the contact group. Nevertheless, the institutions of budgetary coordination inside the European Parliament remained rather fragmented, as budgetary coordination politically rested on the contact group and the budget committee. Although close interdependencies remained, and this structure was leading to a political elevation of the budgetary process, it was nevertheless a plurality of coordinating institutions.

However, in the final phase of negotiations, a clear party-political approach was taken. Taking a look at the overall process of the budgetary negotiations, the positioning of the EP as a parliament was clearly in the foreground, as party-political considerations – though important in the political end-game – played a less dominant role over the process as a whole. This was also underlined by the efforts of German MEPs to influence the German public debate through joint statements both within the respective national parties and across the party lines (as a in the case of a newspaper article from all German budget experts inside the European Parliament Haug et al. 2013).

Inside the European Parliament parliamentary actors perceived themselves as being a "natural budgetary actor". Due to the formal consent towards the MFF package, the EP furthermore perceived itself as being a "power holder" within the budgetary process. By this, the EP underlined its claim as being a full budgetary institution, although this was not shared with most member state governments that did not regard the EP as a partner of negotiation as the parliament did not accept the approach of negotiations inside the Council. The EP was also supposed to overestimate its position according to member state and Council officials (GER/2; GER/3; Council/1).

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[205] The overall question on how far the EP could go in rejecting the MFF deal is also reflected in the resignation of one of the four MFF rapporteurs and member of the negotiation team, Reimer Böge (EPP), on 20 June, only days before the final agreement was concluded Böge 2013.

[206] https://www.cducsu.de/presse/pressemitteilungen/mit-der-verstaendigung-ueber-den-mehrjaehrigen-finanzrahmen-beweist-die-eu, accessed 19.11.2016.

Overall, the European Parliament suffered not only from the *budgetary complexity* and the *institutional complexity* of steering the budgetary process inside many fora of coordination. But the EP was also exposed to the *asymmetries between "political" and "technical"* budget negotiations of the Council and Commission experts and the political representatives of the European Parliament. Furthermore, the double task of *simultaneous budgetary negotiations and legislation* implementing the budget further added to the budgetary complexity.[207]

8.3 Coordination Inside the German Bundestag

Similarly to the coordination in the European Parliament, inside the Bundestag mechanisms of representation both on the party group and on the parliamentary level are of importance.

8.3.1 The Process of Coordination

Inside the Bundestag, the formal parliamentary process on the EU budget started with the Commission's budgetary proposals when legislative documents were forwarded to national parliaments according to the Treaty of Lisbon in June 2011.[208] Some members, however, already raised the issue of budgetary reform before individually.[209] Also, some party groups and the German Bundesrat participated in the Budget Review of 2008. In the Bundestag, the European Affairs Committee (EAC) was assigned as leading committee in both dossiers of the budgetary debate (MFFR and ORD). The choice of supporting committees was divided between the revenue and expenditure side of the EU budget. While the MFF Regulation was attributed to the Economic Affairs and Energy Committee, the draft Own Resources Decision to the Budget Committee. The division between revenue and expenditure legal acts was thus also reflected in the choice of supporting committees (Deutscher Bundestag 2011b, p. 11).

Already in July 2011, the MFF figured among the issues of governmental reporting inside the European Affairs Committee (European Affairs Committee 2011a).[210] Also, the EU Budget Commissioner Janusz Lewandowski visited the European Affairs Committee in early July 2011 for a debate with the national parliamentarians shortly after the EU Commission presented its budgetary drafts.[211] In October, the EAC formally took note of the EP's SURE report, however, without a broader debate in the committee (European Affairs Committee 2011b). Also the Sub-committee on European Affairs of the Budget Committee regularly debated the MFF, although it was rather perceived as a "fig leaf" as it was not able to deal in depth with the EU budget (MdB/2; MdB/1).

In November 2011, CDU/CSU and FDP and the SPD party groups presented their parliamentary resolutions according to the Bundestag's right to bind the government in EU affairs in a resolution (Art.1, EUZBBG). While the conservative-liberal government coalition largely reiterated the German governmental position, the opposition parties highlighted the need for a more strongly growth-oriented budget without, however, demanding a budgetary increase on the revenue side of

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[207] This has also been underlined by the Kalfin report European Parliament 2014d, p. 8–8.

[208] Article 12, TEU and Protocol No. 1 on the role of national parliaments in the European Union.

[209] See i.a.: Oliver Luksic (FDP): EU-Projektanleihen: Impulse in Krisenzeiten, http://www.euractiv.de/finanzen-und-wachstum/artikel/eu-projektanleihen-impulse-in-krisenzeiten-004635; Michael Roth (SPD): SPD Position zum EU-Haushalt ab 2014, http://www.euractiv.de/europa-2020-und-reformen/artikel/spd-position-zum-eu-haushalt-ab-2014-004314, accessed 19.11.2016.

[210] The issue figures on the EAC agenda of most meetings.

[211] http://europa.eu/rapid/press-release_CLDR-11-25_fr.htm, accessed 19.11.2016.

the budget (see chapter 7.2.2). The motions of the government coalition and social democrats were debated in the Bundestag plenary in November 2011. The debate took place during the major budgetary week of the German Bundestag. The Green party group presented its position on the MFF in November 2011 slightly later than the other groups (Deutscher Bundestag 2011g). The resolution was therefore only debated in plenary in the end of June 2012 (Deutscher Bundestag 2012c; Deutscher Bundestag 2012d). A further Bundestag resolution, which was adopted by the votes of the government coalition in summer 2012, was on the translation of EU documents. While not being in direct connection with central budgetary demands, the resolution aimed at underlining the need to provide translated texts of EU dossiers in order to enable MdBs to properly fulfill their control function – the budgetary debate in this respect presented the opportunity to address the issue of translation to the EU Commission in order to better fund its translation services (Deutscher Bundestag 2012b).[212]

After the formal conclusion of the MFF in December 2013, the Own Resources Decision was taken in May 2014 (Council of the European Union 2014) inside the Council. It was then followed by the ratification process inside national parliaments according to Art. 311 TFEU. The German government presented the draft law on the implementation of the Decision on 5 December 2014. In the first reading in February 2015, the proposal was forwarded to the European Affairs Committee and the Finance Committee.[213] As the Bundestag's consent was taken only in early 2015, the new Federal government, being a grand coalition between CDU/CSU and SPD, had to decide on the ORD. After a public consultation with budget experts in March 2015, the EAC (Deutscher Bundestag 2015b) and the Bundestag plenary (Deutscher Bundestag 2015c) adopted the governmental proposal with the governmental majority. The Green party group abstained while the Left party group voted against the text. In the plenary debate and the committee's voting recommendation, all party groups highlighted the need to reform the EU's own resources system, while at the same time stressing the procedural problems of doing so. The conservatives particularly stressed the need to regard the EU's revenue and expenditure systems as interconnected and to refrain from the net payer logic within the EU budgetary process. The social democrats highlighted the possibility to investigate in new sources of own resources, which were demanded forthrightly by the Green and Left party groups.

8.3.2 Coordination Inside Party Groups

Similarly to the coordination inside the European Parliament, the budgetary debate inside the Bundestag was perceived as a "monster of coordination" from the actors involved – both on the political and staff level inside the party groups. The party groups equally took a horizontal approach to the budgetary debate, which was lead and coordinated by the respective EU working groups inside the party groups. The most prevalent interests in the internal debate on the party groups' positions towards the EU budget were tripartite: Those of the "Europeanists"; of budget experts; and of agricultural interests. While the "Europeanists" were the ones who wanted a strong EU budget in order to contribute to a strengthening of the political priorities of the Community such as growth policies, budgetary experts regarded themselves as being politically responsible in the end, as the Own Resources Decision directly binds the German budget (BT/2). Agricultural

212 Against the initial aim to adopt a resolution backed by all parliamentary groups, due to internal quarrels the final resolution was only passed by the governmental majority.

213 http://dipbt.bundestag.de/extrakt/ba/WP18/640/64007.html, accessed 19.11.2016.

interests, finally, were particularly important sectoral interests inside the Bundestag as they rank among those policy areas that are mostly touched by the EU budget. Agricultural interests thus significantly shaped the positions inside the conservative, social democratic and green party groups (BT/2; BT/3; MdB/1).

Given the diverging interests between the "Europeanist" MdBs; budget MdBs; and agricultural interests, the coordination between these interests was not easy. Particularly the respective working groups on European Affairs were regarded as not properly staffed and equipped (given high work load also related to the Eurozone crisis) to coordinate this process (BT/3). Also, the budget dossier was not as high on the agenda compared to other political dossiers, also since the reactions to the economic crisis was dealt with in the same committees. For example, the FDP coordinating group on the MFF met Tuesday mornings at 7h30 before the meeting of the Budget Committee, which was perceived as being a disadvantage to intensive debate (MdB/2). Due to the horizontal approach to the budgetary debate inside the Bundestag's party groups, the EU working groups on the staff level also took a central position in the coordination and the consolidation of the respective party group's positions and to coordinate and moderate the budgetary process. The budgetary debate was therefore both steered on the staff- and on the political level in the Bundestag in order to prepare a position on the EU budget and follow the budgetary negotiations.

In terms of the intensity of occupation, it was mostly the respective sectoral experts that were working on EU budgetary issues. In formal party group meetings, where the most important political issues are debated inside the party groups, the EU budget has not been debated:

> „Wenn ich es richtig auf dem Schirm habe, ist das als eigener Tagesordnungspunkt in der Fraktion selbst meines Wissens gar nicht aufgetaucht. Weil da in der Regel nur die ganz großen Linien gezogen werden (…)." (MdB/4)[214]

The lacking visibility of political debate on the EU budget at the weekly party group meetings underlines an overall low visibility of the issue inside the parties of the German Bundestag, apart from the respective sectoral experts working on the matter in the respective technical and political working groups.

Informally, however, the party group leadership of all party groups was well aware of the issue and were also perceived as an important political gatekeeper. For example, be it the parliamentary secretary of the CDU/CSU party group, Peter Altmaier,[215] who closely coordinated the party group's position with the Federal Chancellory and the Minister of Finance. On the side of the FDP, Foreign Minister Guido Westerwelle participated in the most contentious debates inside the FDP party group. In the Green party group the party leadership debated the final form of the party group's position and thus gave the direction to the overall paper. Although the MFF debate was formally of a rather low relevance inside the party groups institutional structures, it has been nevertheless connected to the party groups' leadership structures. While the formal MFF coordination was undertaken by policy advisors and MdBs from the European Affairs Committee, the party leadership level also had the issue on their plates underlining the overarching importance attributed to the issue. Understood as a horizontal policy issue, sectoral experts from most budgetary relevant committees were included in the initial positioning of the party groups.

[214] See: MdB/2; BT/1.

[215] Peter Altmaier held this position until 22 May 2012.

The coordination with the government followed the usual politics of the federal parliamentary system, where the opposition parties aimed at controlling the government through parliamentary inquiries, while the government parties used their informal influence inside the ministries. As what regards the party groups' coordination with the European Commission, most MdBs did not have direct contacts to the European Commission as drafting and coordinating institution on the EU level, apart from some EU experts inside the Bundestag who used the EU Commission politically as a support for their own position. The Commission regarded most Bundestag parties as constructive partners in the budgetary process (COM/1).

Overall, the coordination of the MFF dossier inside the respective party groups of the Bundestag was characterized by conflicts between the "Europeanist" Members of Parliament and the Budget experts. Also, agricultural interests played an important role within all party groups with regard to the positioning vis-à-vis the MFF. Two budgetary visions were dominant inside the BT's party groups, one centered on the importance of a European added value supported through the MFF and the other on the relevance of national spending and budgetary constraint within the German budgetary architecture – although both positions are not mutually exclusive. Moreover, the coordinative role of the respective budget committees disposed of a rather low prestige compared to other committees thus resulting in more frequent changes regarding the committee members and non-alluring time frames for meetings on EU budgetary issues.[216]

8.3.3 Coordination Inside Parliament

As an institution, the Bundestag was **embedded in different phases of the budgetary negotiation process**. The respective committees followed the negotiations in the Council and also publicly followed the debates inside the European Council in plenary debates. The focus of the intra-parliamentary coordination was however mostly related to the inside of the party groups. In terms of public debates, the control of government within the MFF process both in the budgetary decisions on the MFFR and the ORD was central to the Bundestag. Two parliamentary debates exclusively focused on the Council negotiation phase with regard to the positioning of the Bundestag, a further plenary debate took place with regard to the parliamentary consent to the Own Resources Decision. From mid-2012, after the European Council largely took over the EU budget dossier, the coordination inside the Bundestag equally adopted in not only centering on the committee work and budgetary scrutiny but also on the public control of government. As government declarations have been institutionalized in the past decade ahead of European Council meetings, these declarations were used to publicly debate the German position towards the EU budget.[217] In this respect, the EU budget was subject to numerous plenary debates: Two debates were exclusively dedicated to the matter, while three government statements on the European Council were equally centering on EU budgetary politics thus gaining an important position inside the parliamentary discourse and thus highlighting the parliamentary public control on their government in the budgetary negotiation within the European Council. In terms of the coordinative efforts, the coordination of party-political positions and the committee work has been mentioned as the most central places of budgetary coordination. Overall, the leading role of the

[216] For example, the liberal party group held the meetings of the working group on EU Affairs Tuesday mornings at 7h30; the sub-committee on European Affairs of the Budget Committee commonly held their meetings at 8am on Friday mornings, see: http://webarchiv.bundestag.de/cgi/show.php?fileToLoad=3753&id=1223, accessed 19.11.2016.

[217] Deutscher Bundestag 2013a; Deutscher Bundestag 2013b; Deutscher Bundestag 2012a.

European Affairs Committee reiterates the position, the EU budget has inside the German political system as being regarded as an "integrationist" dossier and thus coordinated by the Foreign Ministry.

After the initial positions of the respective party groups were presented and debated in the EU Affairs Committee and in plenary,[218] the position of the German government in the MFF negotiations was supported by the governmental majority and thus strengthened its position inside the Council.[219] In December 2011, the EU Affairs held a meeting in Brussels dedicated to the EU Budget and also met with Commissioner Lewandowsi (European Affairs Committee 2011c).[220] On a more general basis, the EU Budget Commissioner and his team were regular visitors to the EU Affairs Committee in 2011 and 2012, be it the Commissioner himself or his Deputy Head of Cabinet, Andreas Schwarz, frequently visited the committee and discussed with the MdBs.[221] In the Commission's perception, the parliamentarians inside EAC debated constructively the MFF inside the committee:

> "Wir hatten schon das Gefühl, Unterstützung (im EU-Ausschuss; LS) zu bekommen, wie gesagt, ein Finanzrahmen ist eine ganz große Bandbreite von Politiken (…). Und natürlich gab es hier und da Unterschiede, aber es war so, dass eben unser Vorschlag so positioniert war, dass man auf der Basis unseres Vorschlags darüber reden konnte." (COM/1)

The Foreign Office, as being the formal lead negotiator from the side of the German government equally briefed the MdBs inside the respective committees – although taking more the position of explaining the budgetary structures instead of the Bundestag's committee controlling the Foreign Office:

> „Also wir hatten ab und an Briefings, auch die MdBs fanden das Thema immer total kompliziert und wollten dann erklärt bekommen, was bedeutet dies und das. Das war eher so Frage – Antwort. Die haben uns gefragt und wir haben geantwortet." (GER/1)

Inside the European Affairs Committee, the MFF was regarded as a central dossier and the committee took an actively coordinating role. As the EAC in general only disposes of few dossiers in a leading position,[222] the MFF dossier was regarded as particularly important:

> „Im Ausschuss war es das wichtigste Thema, weil der Ausschuss es federführend behandelt hat. Deswegen war auch die Berichterstatter-Funktion besonders wichtig. Der EU-Ausschuss hatte endlich mal etwas zu melden, was ja eine Besonderheit (…) ist." (BT/1)

> „In der Zeit als der MFR Gegenstand der Beratungen war (gab es; LS) mehrere Lesungen im Ausschuss. Da war das nahezu jede Ausschusssitzung, inklusive der Plenardebatten und der Arbeitsgruppensitzungen. Das war dann so im Abstand von drei bis vier Wochen." (MdB/4)

Although regarded as an important dossier inside the European Affairs Committee, the committee itself war institutionally and structurally rather ill-equipped to coordinate the budget negotiations inside the Bundestag.

> „(Der EAC; LS) hat nicht die ihm gebührende Relevanz in Europafragen (…, er) spielt nicht in der ersten parlamentarischen Reihe." (MdB/2)

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[218] Only the first resolutions by the CDU/CSU-FDP and the SPD were debated in the plenary, the Green motion was only noted in plenary, speeches were added to the protocol.
[219] See chapter 5
[220] http://europa.eu/rapid/press-release_CLDR-11-41_fr.htm?locale=en, accessed 19.11.2016.
[221] I.a. in July 2011, December 2011 (in Brussels), June 2012, November 2012.
[222] A fact which has become particularly debated during the Eurozone crisis Kietz 2013.

Compared to other committees the EAC disposes of a rather low profile and prestige, therefore it is characterized by a high turn-over rate of its members that use the committee as a stepping stone to other committees. Also, because the horizontal nature of the committee little budgetary expertise prevailed inside the committee, thus the broader political impetus of budgetary coordination was that of a "European" and less of a "budgetary" perspective. Given the coordinative complexity of the dossier, the EAC can be described as an active while ill-equipped committee. At the same time, the budget committee and the respective budgetary experts of the party groups, were perceived as particularly important in the budgetary debate. Though while not being formally embedded in the MFF process, the budgetary MdBs played a particularly important role.

> "(…) der EU-Haushalt passte einfach nicht in die Logik der Einzelpläne hinein. Aber wenn's wirklich wichtig wurde war der Haushaltsausschuss als Ganzes ausschlaggebend, der EU-Ausschuss konnte sich nicht gegen die Haushälter durchsetzen." (MdB/2)

As the Budget Committee disposed of a diverging position towards the EU budget than many members of the EAC, with respect to the structure and size of the EU budget, the cooperation, the coordination between the two groups has not been regarded as easy. Therefore, the debates inside the respective Bundestag committees were characterized by a distinct rivalry between the EU Affairs committee and the budget and finance committee on the rationale and structure of the EU budget and the German contributions.

Overall, the EU budgetary debate in the Bundestag was heavily influenced by a competition between the "Europeanists" – mostly represented inside the EAC – and the budget experts from the budget- or finance committee. Therefore, although the EAC was formally the lead committee, it was not able to establish its position against the position of the Budget Committee. Among the "Europeanists" of the European Affairs Committee prevailed the perspective that the parties were not willing to give the EAC a proper role in leading the EU budgetary debate (MdB/2). Therefore, the question of who is eligible to decide European budgetary was not only asked with relation the division of power between EU parliamentary institutions but also with respect to the division of power between the committees inside the German Bundestag. Overall, thus diverging positions prevailed within the Bundestag and across the respective party groups on what direction to take towards the EU budget. This question was not only answered party-politically but also diverged regarding the respective position inside the Bundestag's architecture.

This perception of the parliamentary scrutiny of the EU budget was also underlined by the individual and collective perceptions of parliamentary representatives: Individual parliamentary actors and formal motions for resolutions stressed the need to conduct budgetary negotiations under a close national parliamentary scrutiny. In the Bundestag's resolution on the MFF, which was decided by the votes of conservative and liberal party groups, it has been underlined that the EU budget touches core principles of national budgetary sovereignty. The motion highlights the need for parliamentary scrutiny conducted by the Bundestag in EU budgetary matters in general and with respect to the approval of the Own Resources Decision more precisely (Deutscher Bundestag 2011f, p. 7). The resolution also stressed that the Bundestag was eager to become involved at a later stage of the negotiations depending on the proceedings and the secondary legislation connected with the MFF negotiations to further bind the government in precise policy matters (ibid.). The importance of parliamentary oversight has also been underlined by the Parliamentary State Secretary Michael Link (FDP) on the occasion of the MFF plenary debate in December 2011.

"[Es; LS] freut es mich besonders, dass dem EU-Haushalt und seiner strategischen Neuausrichtung für die kommenden sieben Jahre erstmals in der vergangenen Haushaltswoche Platz in der immer eng getakteten Haushaltsdebatte eingeräumt worden ist. Denn: Auch wenn ein neuer Eigenmittelbeschluss noch de jure der nachträglichen Zustimmung des Deutschen Bundestages bedarf, wissen wir doch alle, dass nach jahrelangen Verhandlungen, nach schwierigster Kompromisssuche und dem für Europa auch wichtigen und notwendigen Interessensausgleich zwischen großen und kleinen, neuen und alten, Agrar- und Nicht-Agrarländern ein Nein de facto dann nicht mehr möglich ist. Umso wichtiger ist es deshalb, dass sich der Deutsche Bundestag frühzeitig in die Verhandlungen einbringt und der Bundesregierung einen klaren Rahmen für ihre Verhandlungen auf europäischer Ebene in diesem frühen Stadium mit auf den Weg gibt." (Deutscher Bundestag 2011a)

In this context, MdBs perceived the **Bundestag as being the primary budgetary institution** with respect to the EU budget:

„Da wir der Haushaltsgeber der Bundesrepublik Deutschland sind, hat das für uns natürlich Priorität, das ist klar." (Dörflinger)

Connected with this budgetary control function and budgetary responsibility of the Bundestag in relation to the EU budget was also a broader question members of the Bundestag addressed, namely 'Which parliament is properly legitimated to speak for the electorate?'. The parliamentary budgetary function was perceived by German MdBs and policy officers as being primarily nationally attributed. Accordingly, the Bundestag ought to have a dominant position therein. The question of which parliamentary institution should be responsible in front of the voters in budgetary terms was particularly dominant inside the governing parties and has also been closely connected with the simultaneous debates on the Eurozone governance and parliamentary oversight on the new financial institutions such as the ESM (BT/2). But while on the one hand the Bundestag was perceived as an important budgetary institution, on the other hand the conviction prevailed among some parliamentarians that the Bundestag (and national parliaments in general) do not play a specific role with respect to EU affairs as being predominantly shaped by governments.

"Wir als nationale Parlamente sind nicht besonders stark involviert, weil die meisten Entscheidungen auf der EU-Ebene und zwischen den Regierungen in den MS getroffen werden. (…) Als Parlament haben wir insgesamt nicht viel zu kamellen gehabt" (BT/1)

„Der Deutsche Bundestag hat (…) in den MFR Verhandlungen eine beratende Rolle." (MdB/3)

Thus, while the symbolic budget authority is located within the German parliament from the position of its members, the Bundestag as an institution is at the same time not perceived as proactive player in terms of influencing and overseeing the EU budgetary process. While in the high-time of the MFF negotiations, both the leading MdBs and their political staff contributed a good quantity of their working time to this dossier but at the same time conceded that their overall influence was of a limited nature (BT/1; BT/2)

In terms of the overall direction of the processes of coordination inside the party groups, similar structures emerged across party groups. In the context of the Eurocrisis, the overarching budgetary debate inside party groups has been less focused on party-political cleavages or institutional questions, but on the more general question on what direction the European Union should head to. A question, which was spelled out using the example of the MFF dossier:

Die Debatte zum MFF wurde punktuell zum Symbol für ‚Wie hältst du es mit der europäischen Integration?'. In der FDP gab es großes Unbehagen, die allgemeine Stimmung war damals ‚es sei Geld zu sparen'. (MdB/2)

The budgetary debate therefore stood as a proxy for the bigger debate on what European Union the respective party groups wanted, which largely captured the technical budgetary discussion. This

was also the case in other party groups, where despite the willingness of the rapporteurs, as mostly being 'Europeanists' that were aiming for a stronger European budget, the overall party group position was less favorable:

> „Für uns war außerdem sehr wichtig überhaupt eine pro-europäische Haltung der Fraktion hinzubekommen und sich gegen die Kürzungsorgien im Rat zu stemmen, um zumindest einen deutlich kleineren Haushalt zu verhindern." (BT/1)

Therefore, the budgetary debate was the reflection of a bigger overall debate on the state and direction of EU integration, while classical party-political cleavages on the precise budgetary contents was of less importance on political level.

8.4 Interparliamentary Coordination

In terms of interparliamentary cooperation, parliamentary actors used instruments of coordination and cooperation. MEPs participated in national EAC meetings, reported to their national party groups and used videoconferencing tools to exchange views (COSAC 2011, p. 13). The following part first treats the formal nature of interparliamentary cooperation, namely the institutional meetings between Members of the European Parliament and Members of national parliaments.[223] Second, both party-political and individual contacts of Members of Parliament of the European Parliament and the Bundestag will be looked upon more closely to trace the motivation and nature of cooperation in the respective representative arenas.

8.4.1 Formal Institutional Coordination

The formal interparliamentary coordination took diverging formats. Additional to the individual involvement in the respective national or supranational committee or party group meetings or the contact to liaison offices; the MFF disposed of several formal conferences to steer debate between national and supranational parliamentary levels (see figure 8.3)

Figure 8.3: Formal venues of IPC in the MFF negotiations

Level of interaction	**Actors**	
	Individual	**Collective**
Individual	MEPs participating in *party group meetings* in the Bundestag.	June 2013, Common position between *EPP party delegations* from EP and NPs
Committee	MEPs participating in meetings of the *European Affairs Committee* of the Bundestag.	*COSAC:* October 2011, COSAC session dedicated to MFF
Institutional	*Conference of the Speakers*: No formal debate at the Speakers Conference of MFF Continuous information exchange via *BT representation office*; both between the party groups and the administrative coordinator.	*Interparliamentary conferences:* October 2011, High-level conference between EP and NPs and other institutional actors March 2012, High-level conference "EU Budget beyond 2013: which expenditure and which resources?" *Interparliamentary committee meetings:* June 2010, "How to create greater synergy between the European budget and national budgets"

Own compilation.

[223] Meetings between national parliaments only are not covered by this analysis, due to the scope of this project.

This deliberation kicked-off with an *Interparliamentary Committee Meeting* which took place between the EP's budget committee and the NPs' budget and/or European affairs committees on 1 June 2010. The aim was to prepare the budgetary debate from a parliamentary perspective as early as possible in the budgetary process and to coordinate the debate on synergies between national and EU budgets.[224] It was convened by Alain Lamassoure as chair of the Budget Committee (European Parliament 2010a). In the invitation, Alain Lamassoure highlights "the challenge of matching the desire for balance in Member States budgets with the ability to support competitiveness in European economies"; "to examine how national and European budgets could avoid duplication and promote synergy thus increasing effectiveness" and to discuss "how to strengthen the role of Parliaments in the coordination of Member States and EU budgetary policies?" (European Parliament 2010a).

As the European Union is to deliver on an increasing number of tasks under the Treaty of Lisbon, the accompanying introductory working document states that less money would not be an option, also because the EU budget would achieve important economies of scale through investments (European Parliament 2010b). The document therefore also highlights the interconnectedness between national budgets and the EU budget in terms of common challenges and partly duplicative spending (such as in the case of foreign services and development aid). With regard to the institutional structure of the budgetary debate and the aim to discuss a strengthened role of parliamentary actors in the budgetary process, Lamassoure proposed interparliamentary conferences as an instrument of coordination between national and European parliamentary actors. In this respect he aimed at holding a common EU wide conference on EU budgetary issues before the national MFF debates take place in order to have a European debate before national ones.

> "A debate of this nature would be a first step towards restoring order in the way that the financing of European policies is broken down between the Community budget, the national budgets and EIB-style funding. At the same time, it would offer an opportunity to reflect on the introduction of genuine democratic control over co-financed actions." (European Parliament 2010b, p. 7)

In total MPs from 13 member states participated in the meeting, representing mostly members of the budget committees, among them many chairs of national budget committees.[225] The German delegation represented the biggest national group with six MdBs and four representatives of the Bundestag's administration.[226]

Among the main points that formed part of the discussion in the meeting[227] figure demands for annual and timely exchanges between national parliamentary and the European Parliament in order to facilitate awareness; the proposal to strive for increased transparency of the information provided by Member States to the European Commission on budgetary planning and expenditure; to actively engage national parliamentarians in budgetary oversight by gaining an ex-ante view on the national budgetary plans; to have a better connection between the EP and national parliaments regarding changing trends in expenditure, quality of spending and an exchange regarding

[224] The interparliamentary committee meeting "How to create greater synergy between the European budget and national budgets" took place in Brussels, however, it was a rather short conference scheduled for three hours, from 15.30 to 18.30.

[225] The Member States present were: Bulgaria, Czech Republic, Ireland, Finland, France, Germany, Greece, Italy, Lithuania, Poland, Portugal, and Romania.

[226] The participating MdB's were: Peter Danckert (SPD), Klaus Hagemann (SPD), Volkmar Klein (CDU/CSU), Bettina Kudla (CDU/CSU), Ewald Schurer (SPD), Stephan Thomae (FDP).

[227] Summary of Proceedings of the Meeting (unpublished).

complementary aspects of national and European budgets. Finally the parliamentarians criticized the increasing of special financial instruments impeding on budgetary transparency and parliamentary oversight. The proposition on stronger transnational principles of parliamentary representation, however, cannot be attributed to specific parliamentary actors, nor do they represent binding (and voted upon) guidelines from the interparliamentary committee meeting.

In 2011, both a COSAC meeting was contributed to the MFF dossier and a high-level conference – embracing European and national MPs and a number of other institutional actors – was organized. In October 2011, therefore after the initial presentation of the budgetary draft from the European Commission, a *high-level conference* – co-organized by the European Commission, Council Presidency and European Parliament – debated on the MFF. Though not being a strict interparliamentary conference, both MEPs and MPs were invited as crucial participants. In total 23 national parliaments were present, however, from the German side only one MdB[228] participated. The reason for this most probably lies in the overlap with the plenary week in the German Bundestag which equally took place on 20-21 October (Deutscher Bundestag 2011d; Deutscher Bundestag 2011c). Being convened in in the height of the Eurocrisis, the European Commission aimed at promoting the Commission's draft budget as a tool to recover growth and to tackle the economic crisis in the European Union. In his speech, Commission President José Manuel Barroso explicitly addressed members of national parliaments:

> "National parliaments will have to ratify decisions in this area and so it is very important that all of you play a full role in the debate."[229]

Vice-President for Interinstitutional Relations, Maroš Šefčovič, reiterated the specific role of national parliaments in the MFF:

> "(…) in particular to the representatives of the national parliaments for their readiness to respond to the invitation to work with us. This has launched a process of dialogue between us, one which should progressively lead to a shared vision of how the EU should best use its resources."[230]

Similarly in early October of 2011, a *COSAC meeting* took place in Warsaw and debated on the state of play of MFF debates inside national parliaments and comprised an open debate with Budget Commissioner Janusz Lewandowski and S&D Rapporteur Salvador Garriga Polledo (COSAC 2011). As no binding resolutions are drafted by the COSAC plenary (see chapter 5.3), the discussion took place without precise outcomes.[231]

In March 2012 a further *high-level conference* was dedicated to questions of budgetary revenue and expenditure.[232] It was again organized by the EU institutions and took place in the Council deliberation phase, this time with a special focus on national parliaments and own resources. However, again, the timing again overlapped with a plenary week of the German Bundestag, therefore, no MdB participated in the conference. The German delegation consisted of three

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[228] Bettina Kudla (CDU/CSU), from the Bundestag's administration a member of the secretariat of the Finance Committee, a representative from the Liaison Office and a member of the SPD group in the Liaison Office participated.

[229] http://europa.eu/rapid/press-release_SPEECH-11-691_en.htm?locale=en, p. 5, accessed 19.11.2016.

[230] http://europa.eu/rapid/press-release_SPEECH-11-697_en.htm?locale=en, p. 1, accessed 19.11.2016.

[231] From the German side, the following MdBs participated in the meeting: Gunther Krichbaum (CDU/CSU), committee chair EAC; Eva Högl, SPD; Jerzy Montag, Grüne; Michael Stübgen, CDU/CSU.

[232] The conference "EU Budget beyond 2013: which expenditure and which resources?"[232] took place on 22 March during a full day in Brussels.

members of the Bundestag's Liaison Office and one member of the Bundesrat.[233] In total 27 national parliaments participated in the meeting, with an average delegation of 1-3 MPs.

In terms of the déroulement of these formal conferences that were deliberately addressed to national parliaments and that were also specifically invited and mentioned in the introductory speeches, NPs have no formal position as representatives next to the formal EU institutions. In this respect most panels consisted of representatives from the EU Commission, the European Parliament and from the Council Presidency. Furthermore, although some EP party groups welcomed the interparliamentary conferences organized in 2011 and 2012, the precise cooperation and exchanges between NPs and the EP took no central place in a public positioning. Most press releases centered on specific party-political or institutional issues debated and were thus focused towards the European Parliament.[234]

From an overall perspective on the formal institutions of parliamentary coordination in the budgetary realm, a variety of formats was established (see figure 8.3, p.181). However, participation rates differed between MEPs and MdBs: From the European Parliament, most budgetary coordinators and many members of the Budget Committee frequently participated in these meetings. However, only few and an always diverging group of German MdBs participated in the conferences thus impeding on structured coordination efforts. This is both due to the nature of the multitude of the respective IPC formats used in the EU budgetary process, as these are addressed to diverging sets of actors (COSAC, interparliamentary committee meeting, interparliamentary conference) and also due to diverging interest structures and time management of the respective MdBs involved. Also, quite a number of these meetings fell in a Bundestag plenary week impeding on the possibility to participate in a Brussels meeting; but also the broader interest structure has to be taken into account. All in all most participation in the meetings from the side of the German Bundestag came from Members of the Subcommittee EU Affairs of the Budget Committee and not from the European Affairs Committee which was the leading committee inside the Bundestag.

Although the high-level conferences and committee meetings took place rather regularly from 2010 to 2012 and represent a closer exchange than in other sectoral policy areas, the overall recognition of these formal venues was quite low – both among Members of the European Parliament and of the German Bundestag. The formal venues of exchange were not perceived as important means of coordination, in all personal interviews conducted on the EU and national parliamentary level. These formal venues of budgetary coordination were not named once as means of coordination or important venues for information. This is equally true, in the case of the Bundestag, for the formal administrative structures of coordination in budgetary matters: The liaison office of the Bundestag was only cited by one MdB as having been important for providing means of information (MdB/4).

In terms of the formal venues of interparliamentary cooperation in the budgetary dossier, there has been no striving for a joint coordination between the parliamentary levels. Although the formal-institutional coordination has been rather dense compared to other policy areas. A total of three

[233] Dr. Helmuth Markov, Die Linke, state government of Brandenburg.

[234] Only the ALDE group (20.10.2011) made explicit reference to the interparliamentary character of the event: "The Alliance of Liberals and Democrats for Europe welcomes the meeting held today, for the first time in the history of the EU budget, an Inter-Parliamentary Conference dedicated to the multiannual financial framework after 2013. (…)Indeed, it is logical that the broad outlines for future investments be worked out within such a democratic forum including representation from both European and national parliamentarians."

conferences and a COSAC meeting were exclusively dedicated to the EU budget and thus reflects the overarching position attributed to the budgetary negotiations. Apart from the interparliamentary committee meeting in 2010, where Alain Lamassoure raised the question on how to jointly frame the budgetary debate, no further attempts have been undertaken to jointly debate the parliamentary position in the EU budgetary debate. At the same time, despite a rather high number of interparliamentary meetings, the perception of their importance have been rather low among Members of Parliament. For the Members of the Bundestag, a poor participation rate may be explained by problems of timing and of interest, although it is importance that it has been mostly members of the Budget sub-committee participating in these meetings. A coordination within these formal venues is not regarded as vital to the overall parliamentary coordination in budgetary matters.

8.4.2 Individual and Party-Political Coordination

The individual contacts between the European and national party groups and those between the parliamentarians themselves were perceived as more important than the formal venues of cooperation – both from MEPs and MdBs. These individual contacts were mostly maintained between MEPs and their respective home parties and those MPs dealing with the EU budget. Contact was maintained both between the respective budget- and EU coordinators in the EP and the BT respectively. However, coordination also takes place in a cross-sectional manner according to the personal linkages MPs have to their counterparts:

> „Mein erster Ansprechpartner in allen europäischen Fragen ist zunächst einmal mein südbadisches Pendant (im Europäischen Parlament; LS)." (MdB/4)

The strength of this informal coordination was largely based on the interest of the respective other level – both in the case of the BT and the EP. Most contacts were between MdBs and MEPs from the same nationality which has been already found elsewhere (Miklin 2013). While German EU coordinators steering the budget negotiations inside the Bundestag held contact to the respective MEP rapporteur/shadow rapporteur offices, the policy advisors within the party groups did not actively engage with Members of national parliaments.

On the level of the MEPs, however, the cooperation with national parliaments was overall perceived as being important:

> "That [cooperation with NPs, LS] is important because we belong to the same party. But it is always difficult because inside the national parliaments you give a mandate to the government what they have to negotiate. The government (…) has to negotiate with all the other parties to an agreement. And I have to do a similar process inside the European Parliament with all of my colleagues here." (MEP/2)

On *the party group level*, Members of the European Parliament were well included in their national parties through national party congresses and the participation within party group meetings inside the Bundestag. The German budget coordinators inside the EP visited their respective party groups, though not on a regular basis. Normally, in each national party group meeting, Members of the European Parliament participate and report from current activities inside the European Parliament. Which, however, is of a rather informative nature and does not have the aim to coordinate positions between the party groups on the national and supranational level (MdB/4; MEP/3).

With respect to a party-political coordination – going beyond a mere exchange of information – in the budgetary process, the divergences of political positions between the European Parliament and

the German Bundestag impeded on the formal party-political positioning between the parliamentary levels (initial positions, see chapter 7). Apart from the Green party group none of the conservative, liberal or social-democratic MEPs and MdBs mentioned the respective other parliamentary level with regard to an active political coordination of positions. The Green party groups were the only ones that formally coordinated their respective parties' positions. In this respect, the German party congress aimed at reflecting the position of the European Green party group on the MFF (MEP/1) and joint public actions were undertaken.[235]

These overall divergences of views that were perceived as dominant by the parliamentary actors, also impeded on the **coordination on the individual level**. The coordination between parliamentary levels was primarily conducted in order to exchange information on the process and positions on the respective other governmental level. Particularly inside the Bundestag, the information gained from the respective colleagues inside the European Parliament was a strong reason for cooperation (BT/2; MdB/2).

> „(MEP; LS) und ihre erfahrene Büroleiterin waren nah dran am Geschehen und wussten was läuft, deswegen hatten wir einen intensiven Austausch, um eine Idee zu bekommen wie der Prozess läuft, was diskutiert wird." (BT/1)

> "Man (musste; LS) erst einmal für Verständnis werben (…), weil es stand ja auch immer die 1 Prozent Forderung von Deutschland im Raum. (…) Es war eher so Informationsaustausch, oder vielleicht eher Informationsweitergabe nach Berlin." (EP/3)

Information and dialogue were key features of the interparliamentary coordination process between the Bundestag and the European Parliament and was perceived as particularly valuable by most Members of Parliament on the national and supranational level. The cooperation between national and supranational parliamentary levels, however, did not aim at a coordination in terms of a convergence of views or a joint positioning towards the EU budgetary process. Inside the European Parliament and inside the Bundestag there was no aim to persuade the respective other parliamentary level of the own respective parliamentary position.

> "Versucht habe ich immer wieder auch mit den Bundestagskollegen auch wieder darüber zu reden. Das ist aber natürlich ich sag mal… Es gibt ja im Haushaltsausschuss des Bundestages einen Unterausschuss, der sich nur mit den europäischen Finanzen beschäftigt und in dem Gesamtausschuss – da war ich auch mehrere Male, die waren auch hier – und wir haben versucht darüber zu reden. Das war aber eine etwas mühselige Angelegenheit (…)." (MEP/3)

One liberal MdB stressed that he perceived MEPs as "dialog partners" with which political aims were debated and precise questions answered. However, precise negotiations on the respective positions were not undertaken (MdB/2). Differences between the parliamentary positions were perceived as being too big, as every parliamentary level represented its own territorial interests in the negotiations which were perceived as being too far away from each other. Therefore, no cooperation has been aspired – neither from the side of the European Parliament nor from the Bundestag (BT/2; BT/1; MEP/3).

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[235] Nevertheless, despite the strongly diverging opinions between German conservatives and their European colleagues, the EPP member organizations managed to publish a common position on the MFF in June 2013 stating the need of the EU budget to help the EU member states getting out of the crisis and to promote growth and jobs. Given the late date of the of the positioning in the budgetary process, the statement stresses the need for flexibility and budgetary unity and calls for revision clause to be negotiated under the Irish presidency EPP Parliamentary Groups 2013. The statement was supported by the respective national parties.

„Es gab keine Versuche der MEPs (…) die SPD von der EP Position zu überzeugen. (…) Es gab keinen Versuch, die ‚eigene' Fraktion von ihren Standpunkten zu überzeugen." (BT/3)

In this respect, information on the budgetary process clearly outweighed an exchange on a joint positioning between the parliamentary actors in their own interparliamentary contacts:

„MEPs waren eher Gesprächspartner, mit denen die politischen Zielsetzungen diskutiert wurden, konkrete Nachfragen beantwortet wurden aber mit denen keine konkreten Verhandlungen geführt wurden." (MdB/2)

„Die MEPs hatten insgesamt keinen großen Einfluss auf die Beschlüsse, das war eigentlich über die Fraktionsgrenzen hinweg der Fall." (BT/1)

In the end game of the negotiations, however, links between the national parties and the respective party groups in the European Parliament became closer again, as the party executives aimed to exert influence through the party-political contacts in order to secure a passing of the MFF through the European Parliament. This informal influence has been most distinct among the governmental parties, but also from opposition parties as the European elections were looming already and pressure was exerted with regard to the setting up of party lists inside the respective national constitutions (i.a. MEP/4; EP/2; EP/3). This furthermore strengthened the divide inside the European Parliament between the interest of disposing of a unified parliamentary position against the Council or following national parties' recommendations. In the end,

"The MEPs didn't want to fight against their own national leaders. That was a big problem" (EP/2)

In terms of a common positioning, only the Green party groups aimed at not only informing the respective other level on the budgetary process but also to cooperate on the political demands voiced with respect to the EU budget:

"Es ist einfacher für uns immer deren Sachen zu übernehmen. Helga Trüpel (rapporteur Green party group, LS) hat da einen wirklich guten Job gemacht (…). Und deswegen war das auch meine Linie zu sagen wir laufen da mit dem EP gemeinsam, mit unseren Leuten im EP, und versuchen gemeinsam zu schlagen. Getrennt marschieren, gemeinsam schlagen." (MdB/1)

„Wir haben uns schon bemüht einen guten Kontakt zu haben und im Alltag auf dem Laufenden zu halten. (…) Es war sozusagen der Versuch, jetzt nicht auf einer täglichen Basis, aber wenn was Relevantes passiert in Kontakt zu bleiben." (MEP/1)

In this context, the Green party group closely coordinated the positions and aimed to actively use its position on one governmental level to contribute to the information or positioning of the respective other level:

„Wir haben natürlich auch so Auftragsarbeiten gemacht für die Brüsseler, wie Fragen stellen und Sachen thematisieren und Nachfragen stellen, damit die überhaupt über uns die Informationen kriegen was die Verhandlungslinie der Bundesregierung ist." (MdB/1)

The final rejection of the EU budget through the Green party group in the EP has been equally coordinated with Bundestag party group leadership (MEP/1). Furthermore also the German party congress of the Green party voted on a position towards the EU budget which was based on the joint election program of the EP's Green group (Bündnis 90/Die Grünen 2014, p. 59).

The **lack of coordination and cooperation efforts** among most of the party groups actively participating in the EU budgetary process can also be seen in light with the overall perception of parliamentary actors in the EU budgetary process: As each parliamentary level perceived itself as being "superior" to the other level, the incentives to cooperate were rather low on both levels:

„Die nationale [Ebene, LS] ist die Wichtigere, das ist bei einem nationalen Parlament jetzt nicht weiter überraschend, das die Kolleg/innen des Europäischen Parlament da manches etwas anders sehen und vielleicht in ihrer Positionsfindung im einen oder anderen Punkt näher bei der Kommission stehen (…) liegt auch nahe. Aber da wir der Haushaltsgeber der Bundesrepublik Deutschland sind, hat das für uns natürlich Priorität, das ist klar." (MdB/4)

„Zwischen den Fraktionen im EP (gab es; LS) ähnliche Positionen (…). Es gab dementsprechend vor allem Differenzen zwischen den Organen, also zwischen dem Bundestag und dem Europaparlament." (BT/1)

„Es gab den Austausch zwischen EP und Bundestag, der war aber nicht so stark wie innerhalb des Bundestags. Es gab keine Versuche der MEPs, v.a. Jutta Haug, die SPD von der EP Position zu überzeugen. Jutta Haus hat ihre eigene Position vertreten, es gab keinen Versuch die ‚eigene' Fraktion von ihren Standpunkten zu überzeugen." (BT/3)

8.5 Conclusion on Parliamentary Coordination

From a parliamentary perspective, figure 8.4 underlines that parliamentary participation in the EU budgetary process took place at different points of the policy cycle. While the Bundestag did only participate in the MFF debate after the Commission's proposal, the European Parliament aimed at using the agenda-setting phase of the EU budget. While the Bundestag has been publicly more active during the Council negotiations, the European Parliament more strongly debated on the EU budget after the European Council took over negotiations.

In terms of the temporal coordination inside the **European Parliament**, two phases – the positioning phase and the negotiation phase – have to be differentiated. The two phases disposed of diverging modes of coordination inside the EP with a hierarchical and party-political principle of coordination growing more important in the final phase negotiations. The final negotiations were less steered through formal institutional channels, due to the nature of trilogue meetings being highly intransparent and being centered only on the rapporteurs and in the end on the president and the chair of the budget committee.

The European Parliament's style of coordination in the EU budgetary process followed a bottom-up approach in the setting up of the budget and the first positioning to the Commission's draft MFFR. However, while the final formulation and negotiation phase between the EP and the Council was rather taken in a top-down approach based largely on party-political considerations between the political representatives negotiating on behalf of the European Parliament. In this respect the EP's coordination changed its structure during the budgetary process. In terms of policy influence, the formally central position of the budget committee was undermined by two processes: The creation of the SURE committee – although having many members of the budget committee on board – did take the agenda-setting function of the budget committee away. Different to initial thoughts inside the budget committee, the SURE committee was mandated by President Schulz to take a bottom-up approach in its positioning to the MFF 2014-2020, which then set the incentives for sectoral committees to pile up their demands inside the committee. A second process that sidelined the budget committee in being the central institution of budgetary deliberation inside the European Parliament was the setting up of the contact group through the EP President. The contact group resumed the political steering function of the budgetary process and therein strengthened the political groups present inside the contact group. Thus taking away the steering function from the budget committee.

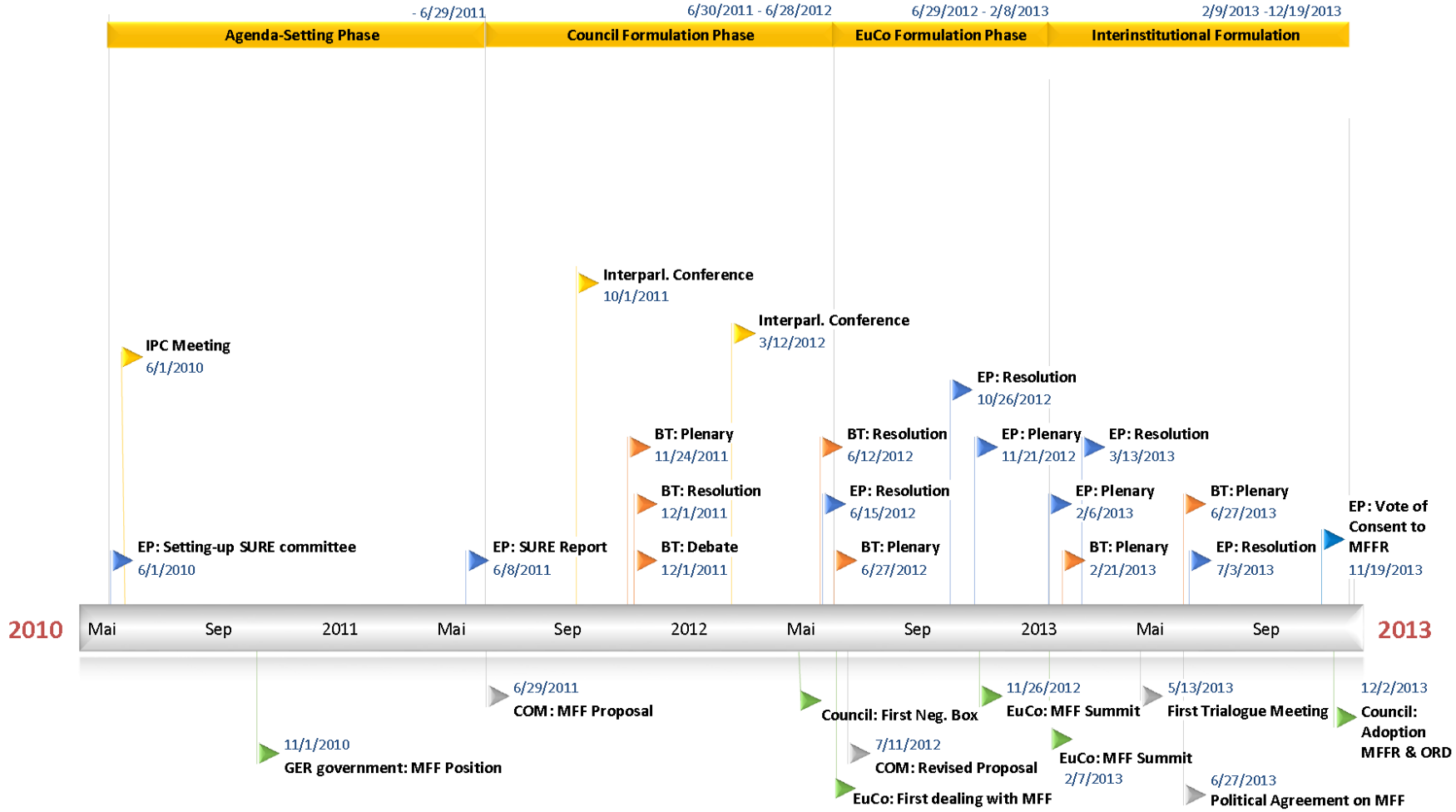
This ramification of institutions coordinating the budgetary process was directly linked with the central role of the EP President inside the budgetary process. On the one hand, this had the advantage to raise the political prestige of the budgetary negotiations through the direct involvement of the President. Also because Martin Schulz knew well the political power play between the institutions in "forcing the Council to respect the EP" (EP/5) and he was also personally motivated at succeeding in the budgetary negotiations due to the European elections approaching. On the other hand, the emphasis on the political power play in the overarching coordination inside the European Parliament also had its downsides was less focus was put on the technicalities of the budgetary negotiations. Therefore, it was politically decided in the beginning of the process that no figures should be used in the EP deliberations in order to counter the Council's "number-based approach" with the political priorities of the parliament. However, in the end, this led to demands from the side of the EP which were not regarded as realistic by other parliamentary actors and the EP has not been regarded as a credible actor from the government's and Council representatives.

This also led to the situation that the European Parliament had to change its negotiation approach after the European Council decided on the final shape of the EU budget in February 2013. While in the beginning major emphasis was put on the size of the budget, this policy issue took a back seat after a deal was struck in the European Council with the EP adopting its position to the final deal. Although the EP's discursive focus was to highlight its veto power in underlining that "nothing is agreed until everything is agreed", the parliamentary representative focus was stronger aligned on enhancing the EP's long-term institutional position in the EU budget through more flexibility and a linkage between the MFF expenditure and outstanding payments in the annual budgets.

Inside the **German Bundestag**, and different to the European Parliament, budgetary coordination more strongly took place under the auspices of the political context which was predominantly shaped by the economic crisis following the Eurozone crisis (see chapter 7.1). While Members of the European Parliament did not address this political context among their objectives during the expert interviews, this took a central stage for parliamentary representatives on the German governmental level. The focus of coordination inside the Bundestag was largely centered on the party group level. In this respect, the Bundestag's coordination structures resembled the "common" parliamentary procedure. Specific EU-related procedures such as the political dialogue, interparliamentary meetings or conferences, and instruments of subsidiarity control did not play a distinct role in the perceptions of the parliamentary actors. Their focus was on the classical EU scrutiny processes related to the parliamentary oversight. In this respect parliamentary actors also did not explicitly stress their further ratification function with respect to the Own Resources Decision.

As what regards the committee structure inside the Bundestag, the EU budgetary process was leadingly steered by the European Affairs committee. On the technical level, also the respective party groups EU experts took the lead in coordinating the party groups' positions. However, the budget committee and the budget committee's sub-committee on European Affairs equally had a distinct influence in the EU budgetary debate. This has been perceived as complicated matter not only because both committees disposed of strongly diverging focuses in their representative and policy perceptions but also because the EAC has not been equipped for detailed budgetary negotiations.

Figure 8.4: Timeline Parliamentary embeddedness in EU budgetary negotiations



The struggle on the budgetary coordination between the EU- and the budgetary experts also highlighted a deeper conflict between members of the rather pro-European EAC and the budget committee which took a more reluctant position towards reforms of the budget. Different to the European Parliament, where a major line of conflict was between the sectoral spending committees and the budget committee, inside the Bundestag the EAC, the budget committee, and influential spending committees such as agriculture formed a triangle with diverging interests at stake towards the EU budget.

This split structure of coordination between the respective committees equally entailed deeper divisions between parliamentary representatives towards the EU budget, which further intensified in the context of the Eurocrisis. The EU budgetary debate inside the Bundestag was closely linked with the more general question of the broader costs and benefits of the European integration project as a whole – thus mirroring the political interests that are equally connected with the EU budgetary debate. Therefore the broader question on the benefits of European integration as a whole largely superseded the classical budgetary debates inside the Bundestag. In this context the overall "crisis mode" inside the Bundestag to some extent also contributed to a more status quo-oriented debate: "Eine besondere haushaltspolitische Reform war aufgrund des realpolitischen Kontexts de facto nicht möglich" (BT/2).

It also highlighted the political positioning of the Bundestag towards the EU budget which was perceived a predominant national parliamentary task in order to uphold the national parliamentary budget authority. Therefore, the Bundestag did not concede its position – equally to the European Parliament – to the revenue stream of the EU budget where it was directly embedded in the budgetary process but did use its overall parliamentary scrutiny function towards the totality of the EU budget in order to accompany the governmental negotiations inside the Council.

The vertical coordination between supranational and national parliamentary actors was based on party-political contacts of MdBs and MEPs rooted in the same national parties. Means of **interparliamentary coordination of parliamentary actors** certainly enabled a more effective information and more transparency of the budgetary process for the parliamentary actors involved. Due to the coordination between parliamentarians from the same party families, a better scrutiny of "their" executive actors and more knowledge of the overall process of budgetary negotiations was enabled. This form of coordination largely took place in an informal manner, as institutional fora of coordination were not used properly and not regarded as important factors of the parliamentary work. In this respect, no institutionalization of the parliamentary coordination was achieved and thus depended on the individual knowledge and motivation of the respective parliamentary actors.

The individual contacts between parliamentarians were mostly held between the budgetary rapporteurs or members of the contact group and their counterparts on the national level while the staff level in the European Parliament was largely excluded from these direct national contacts. These direct contacts between MEPs and MdBs also related to individual situation and expertise of the respective parliamentary actors. While some MdBs talked to their personal counterpart inside the EP regardless of their committee affiliation, most of the MdBs stood directly in contact with the relevant budget coordinators or the responsible MEP inside the national delegation. For MEPs, the coordination with the German parliamentary sphere was not a priority. While MEPs regularly participated in party group meetings, these were not necessarily the relevant budgetary experts.

Thus there were diverging levels, arenas and depths of coordination on the national and the supranational parliamentary level.

For the Bundestag, gaining information from their colleagues in the European Parliament was particularly important, in order to benefit from the EP's expertise in budgetary negotiations and their knowledge of procedural questions. But also for MEPs their colleagues in the Bundestag were valuable as they could elaborate on national political processes and the negotiations process inside the Council the Bundestag was informed of through the government. The vertical cooperation between parliamentary levels was generally perceived as important by all parliamentary actors involved. However, it was restricted to a sharing of information from one governmental level to the other. Apart from the Green party groups, a coordination of political decisions did not form part of the coordination efforts.

Taken the **parliamentary levels together**, the respective policy expertise and prestige has been a major factor of parliamentary coordination on the supranational and national parliamentary levels. While the strong involvement of the EP President in the budgetary negotiations not only lifted the prestige of the budgetary dossier but inside the European Parliament also strengthened a party-political over a technical approach in the budgetary negotiations. Inside the Bundestag, the budgetary expertise was less distinct compared to the European Parliament, as the dossier was coordinated from EU experts on the political and technical level. Party executives were informally involved in the budgetary debate – although the dossier itself was not high on the internal party group agendas and has mostly not been debated on the party group level.

Both in the European Parliament and in the German Bundestag a horizontal approach has been taken. It entailed that a broad range of policy interests were included in the budgetary coordination. Similar to the national budgetary processes. In terms of policy interests, similar lines of conflict emerged in the EP and in the Bundestag: In both institutions members of the budget committee stood against sectoral policy interests where agriculture and cohesion on both governmental level can be said to be the most dominant ones. These interests were by and large present within all party groups in the EP and the Bundestag. In the German Bundestag, different to the EP, a third line of conflict was present and dominant: The European Affairs MdB's interests which stood between narrow budgetary interests and the distinct sectoral interests. As the budget committee was not leading the EU budgetary debate, the European Affairs Committee was a further interest in the German budgetary coordination where coordination oscillated between European interests, budgetary and sectoral ones.

Although similarities in the budgetary approach and in the major interests inside the party groups prevailed, the parliamentary **coordination mostly took place on the respective governmental level**. The coordination between party groups on a vertical level has been merely underlined for reasons of information. Coordination inside the European Parliament mostly took place on the level of parliament – also facilitated through the contact group which set the big lines of the budgetary debate. The contact group also initiated a distinct hierarchy of budgetary coordination in the EP. The German parliamentary coordination largely took the form of the classical EU oversight procedure and a distinction between majority and opposition parties, where a party-political coordination inside the party groups was regarded as most important. In the Bundestag's coordination of the MFF dossier both the ability and the willingness to become involved in the dossier played a crucial role.

9. REPRESENTATIVE CLAIMS

After analyzing the internal coordination of representation inside parliamentary bodies, this part aims at taking into account the public function of representation in the budgetary debate. As elaborated in detail in chapter 4.2.2., the analysis of representative claims illustrates the external dimension of representation where parliamentary representatives directly address themselves to the public sphere. In the parliamentary debate specific claims are used that express the actors' perception of the social reality. In this respect, claims serve two major functions: First, they explain political choices to the electorate and serve as a justification of positions ("explaining policy") and they also enable the representative to show to the electorate that "something is done" and that the electorate's interests are well represented ("standing for"). This positioning of parliamentary representatives is particularly relevant in budgetary matters, because budgetary debates are not only concerned with specific budgetary line items and numbers but rather represent a more general public debate on the government's policies and priorities. Budgetary debates therefore represent a discursive kaleidoscope of the respective political system.

The public debate in terms of a communicative action from parliamentary representatives not only has the aim of communicating the representative's position to the public sphere, but it is also a means to explain the political positions taken and to show the electorate that their interests are well represented. Therefore, the analysis of the discursive practices of representative actors, their representative claims and the discursive coalitions they are embedded in within the budgetary debate aims at better understanding their orientation in the performance of the parliamentary budget authority. For the analysis, both representative claims uttered by representative actors and the specific coalitions that are formed through the approval and rejection of specific claims will be scrutinized. Furthermore, also possible temporal changes of the MFF discourse will be looked upon. The basis for the analysis is the discourse network coded along the premises mentioned in chapter 4.4.3. All figures and graph displayed in this chapter, have for its basis this data set.

9.1 Representative Claims in the Budgetary Debate

The overall budgetary discourse is mostly centered on the size of the framework, the political priorities attached to the budget and questions surrounding the MFF's revenue and own resources system. Other important claims are related to the unity of the budget (i.e. the inclusion of all financially relevant programs in the MFF), the question of budgetary rebates and the budget's flexibility are among further claims that are most prevalent. In the following, the overall claims of the MFF discourse will be scrutinized first on the actor level with regard to which claims were used by which actors.

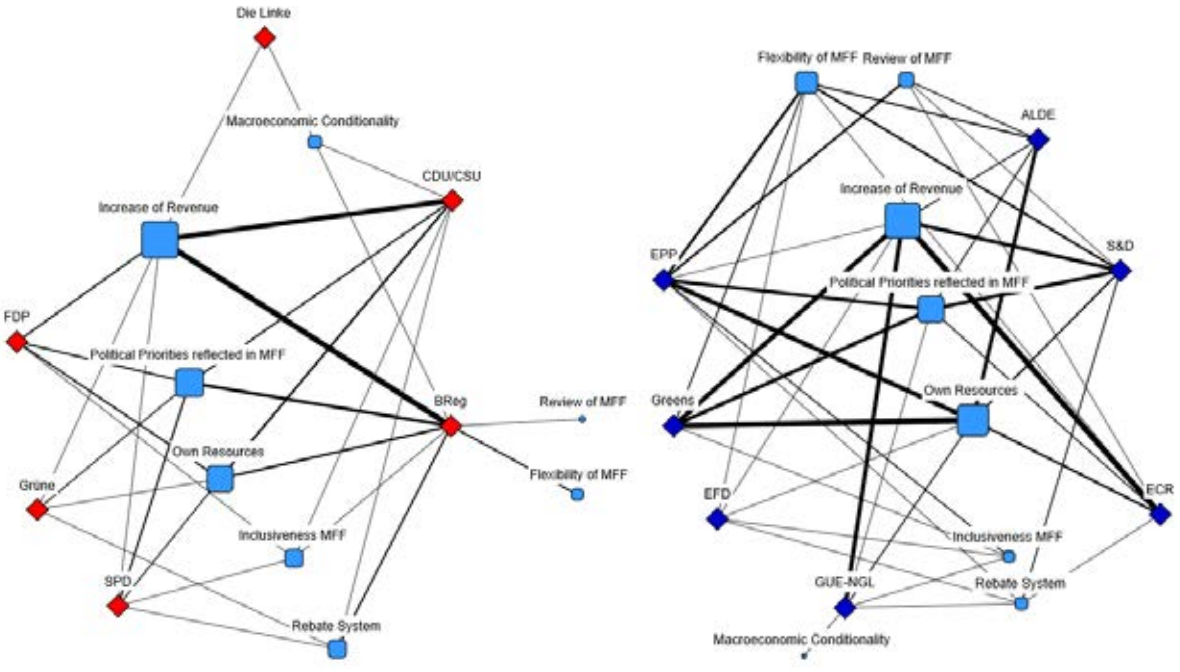
The structure of the parliamentary debate once more underlines that, similarly to the representatives' perceptions in the internal coordination of the EU budget, representative claims do not reflect the formal division of the parliamentary budget authority between the revenue and expenditure pillar. The three claims that were used most – size of the budget, political priorities and own resources – make reference both to the revenue and the expenditure side of the budget underlining that the parliamentary actors do not perceive their role as being restricted to one field of the budgetary architecture, as it is formally the case in the budgetary architecture. This does not only apply to the European Parliament but also to the Bundestag which aimed to shape the MFF

debate in specific expenditure related decisions with respect to their control function towards the government.

While the balance between what claims were used in the Bundestag and the European Parliament is rather similar, the attribution to the respective parliamentary levels varies. On the national level, all political actors use similar claims. However, the government and the majority party CDU/CSU dispose of a stronger position in terms of the distribution and number of statements uttered. The German governmental coalition is particularly fervent in using claims with respect to the size of the EU budget and to the own resources system (see figure 9.1). The other German parties are less strongly embedded and do not use one particular concept in an encompassing manner compared to the governmental coalition. SPD and Grüne stress similar claims such as political priorities, the size of the budget, budgetary rebates or the own resources system, while the Left Party only uses the size of the budget and the concept of macroeconomic conditionality to counter the government's policy. Figure 9.1 underlines the strong focus of the German government on the size and revenue of the MFF, while on the general distribution of claims, all parliamentary actors use similar claims within the broader MFF discourse.

In the European Parliament, claims on the respective political priorities that should be furthered through the budget are mostly expressed by the Green party group, the S&D group and the conservative EPP. With regard to the further two dominant claims, the size of the budget and the own resources system, parliamentary actors are split: While claims with respect to the budget's size (whether or not its size should be increased) are mostly uttered by the S&D, the Greens and the GUE-NGL. Different to the German conservatives and liberals, the ALDE group and the conservatives, however, do not specifically use this claim. On the other hand the claims related to the own resources system are dominated by ALDE and EPP (and the Greens). The ECR party group (which at that time did not dispose of German member in its group) largely reiterated a single-issue which is the size of the EU budget.

Figure 9.1: Bundestag and European Parliament affiliation network



Bundestag European Parliament

The EFD party group, finally, that equally did not have a German MP among its members, is only very weakly embedded in the debate. This can be attributed to the nature of the party group which is against the integration process tout court and therefore used its intervention time during EP plenary debates not with the aim to debate on EU budgetary policies but on wider areas that were not directly connected with the EU' financial architecture.

> "I would remind you that every time taxpayers' money is thrown at common European projects the results are less than a success. The common fisheries policy and its environmental degradation and now of course the euro are not just an economic but a social disaster which is engulfing the Mediterranean and it is all based on flawed thinking that the State if it has power and money can create wealth. The dead hand of bureaucracy is destroying innovation and destroying jobs in Europe. National democracy and free markets would be a much better model." Nigel Farage, EFDD, (European Parliament 2012a)

While the question of the review of the MFF and its flexibility, in terms of a shifting of funds between headings, is of importance to most political groups in the European Parliament, these are not repeated in the Bundestag. This might either be due to the fact that these claims are strongly centered on the formal capabilities and interests of the European Parliament or a reflection of the budgetary policy process, as these issues were mostly debated when the Bundestag already left the parliamentary discursive sphere.

Next to the overall use of specific claims between national and supranational parliamentary levels, their precise orientation towards these claims is of further interest, as the approval or rejection of the respective claims lead to better understanding of the parliamentary positions taken in the parliamentary debate. The structure of approval and rejection with regard to the size of the EU budget shows clearly that all major political groups in the European Parliament are in favor of an increase of the EU budget.[236] In the German Bundestag, however, the governmental majority party groups clearly speak out against an increase of the budget's size, while the opposition parties do not take a clear position on the matter. Accordingly, the relative silence of the EPP with respect towards the increase of the EU budget might be explained by the skeptical discourses on the member states' level.

In the parliamentary debate, the EP party groups strongly advocate for an increased budget, mirroring both their institutional interests connected with the budget in terms of disposing of more political influence in the shaping of annual budgets, and the political importance the European Parliament attaches to the EU budget as a uniting project towards a European added value:

> "Mr Barroso, I think it is a mistake to say that the EU budget should not be increased. It has to be increased", Greens, Daniel Cohn-Bendit, (European Parliament 2011d)

> "If we want to make a real federal European Union, which we will need to do for tomorrow, the least we can say is that 1 % will not be enough in the future. It is a good starting point, but it cannot be the endgame for the future", ALDE, Guy Verhofstadt, (European Parliament 2012a)

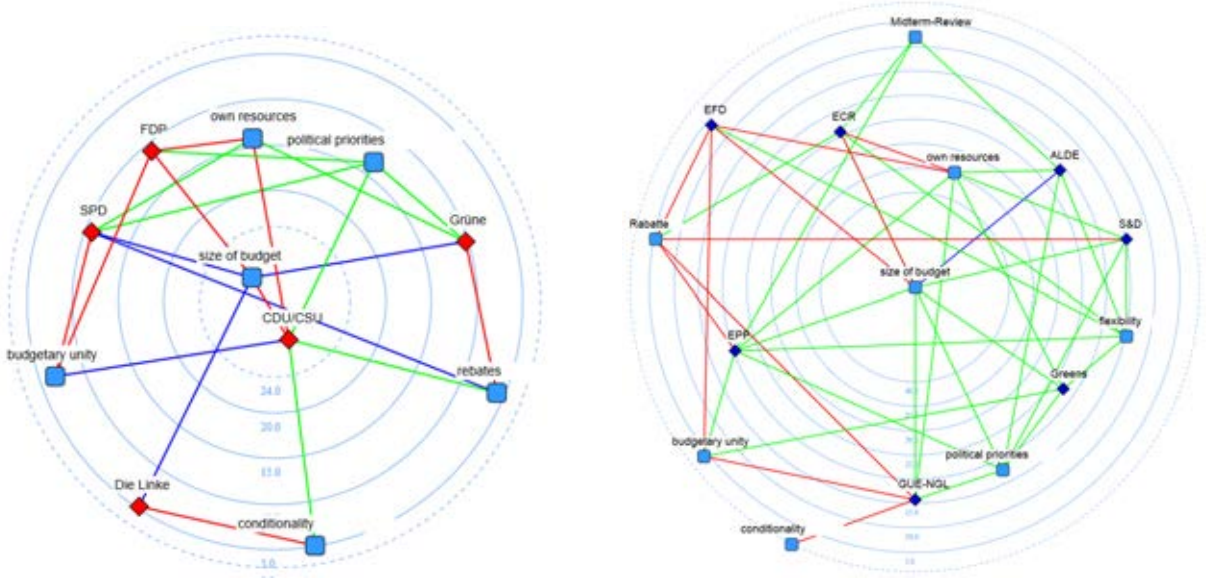
The justification for a budgetary increase in this respect ranges from the increased tasks the EU has to execute with the Treaty of Lisbon, to the nature of the budget as being an investment budget whose funds flow back to the member states and the economic situation on the continent:

> "First of all we need adequate financing for the job we have to do, jobs for young people. (…) Therefore, we need an adequate budget", S&D, Hannes Swoboda, (European Parliament 2013b)

[236] Only the ALDE group takes a conflicting position on the matter.

In this respect, the EP party groups perceive an increased EU budget as a reaction to the economic crisis in order to support European growth policies inside the member states.

Figure 9.2: Approval and rejection of claims in the Bundestag and European Parliament*



German Bundestag European Parliament

* The more claims an actor has uttered, or the more often a concept has been mentioned, the more central it is aligned in the graph. Green edges stand for approval to the respective concept, red lines for rejection. Blue edged point to conflicting statements.

The national parliamentary debate in the German Bundestag, in contrast, has diverging leitmotivs and justifications: The governmental parties take a clear and strong position against an increase of the EU budget. In this respect, the government parties mostly reiterate the German government's negotiation position:

> "Das Budget wird vor dem Hintergrund der größten Staatsschuldenkrise weltweit und in Europa aufgestellt. Deswegen ist es selbstverständlich, dass wir Ausgaben deckeln müssen und dass wir nicht einfach mehr ausgeben können", CDU/CSU, Alois Karl, (Deutscher Bundestag 2011a, p. 17515)

> "Die EU benötigt nicht zwangsläufig mehr Geld, wenn zunächst die Spielräume genutzt werden, das vorhandene Geld effizienter auszugegeben. Daher treten wir für eine Begrenzung der Ausgaben der EU auf 1 Prozent des EU-Bruttonationaleinkommens, BNE, ein", FDP Minister of State for European Affairs, Michael Link, (Deutscher Bundestag 2011a, p. 17518)

The opposition parties – although not following the strong position of the government – take conflicting positions in supporting both arguments for and against a budgetary increase. The rejection and the ambiguous position of the opposition is mostly justified with the overall economic situation of the European Union. Member states needed to implement austerity measures in their own treasuries therefore it would not be possible to increase the EU budget at the same time. The opposition parties do not counter the government in a straightforward manner. Their indecisive claims reflect the broader discourse in the German public on "austerity" and "healthy public finances" that make it hardly unsexy to advocate for a budgetary increase, although this has certainly been debated inside party groups in their coordination efforts. The opposition parties rather use the topic of own resources to counter the government's majority position and do not give the size of the EU budget a prime position in their justifications.

> "Eine Erhöhung kommt zurzeit nicht infrage. Die Belastungen der Krise sind für viele nationale Haushalte einfach zu hoch. Deswegen müssen EU-Gelder sinnvoller, zielgenauer und effizienter eingesetzt werden. Wir müssen einen Mehrwert bei gleichbleibendem Umfang schaffen", Grüne, Manuel Sarrazin, (Deutscher Bundestag 2011a, p. 17521)

> "Vor dem Hintergrund der aktuellen Krisen der öffentlichen Haushalte weniger Mittel für den EU-Haushalt bereitstellen zu wollen, ist nachvollziehbar. Wir müssen nur aufpassen, dass wir nicht über das Ziel hinausschießen. Bei allen Konsolidierungsanstrengungen muss der neue Haushalt auch den neuen Aufgaben der EU nach dem Vertrag von Lissabon gerecht werden", SPD, Peer Steinbrück, (Deutscher Bundestag 2011a, p. 17516)

Against the background of the German national debate towards the increase of the MFF, which has been strongly dominated by the CDU/CSU claims on a rejection of an increase of the size of the EU budget, the relative silence of the EPP party group despite its formal support for an increase of the budget might be explained with the broader discourse on the size of the MFF inside the member states parliaments. Although the EPP formally supported an increased MFF it does not claim it as fervently as the other political groups. This rather reluctant position compared to the other EP political groups needs to be seen in the context of the broader political and parliamentary environment the EPP is embedded in. As many conservatively governed member states were particularly skeptical about an increase of funds in the MFF, the EPP group needed to weigh the national parties' interests with those of the European Parliament's interests. As the parliamentary discourse in the EP both serves as a communication tool between the parliamentary groups in the EP and the national parties in the member states (Slapin, Proksch 2010), the EPP adopted its public communication accordingly and thus treated the issue of an increase of funds in a more reluctant manner.

All in all, there diverging representative interests been debated on the respective parliamentary levels. They mostly relate to the question of the size of the budget. In terms of their focus of justification, the German governmental parties follow the position of the government as what regards the size of the budget and the reform of the own resources system. The opposition party mostly use claims on the own resources system and diverging political priorities to counter the governments position. With regard to the size of the budget, the opposition remains divided and, contrary to the government, remains rather silent on the matter. In the EP, same is true for the conservative party group which, although principally in favor of the budget, does not join the debate on an increase of the budget's size which can be explained with linkages between the European and national political sphere. The discursive structure of the most important claims used by parliamentary actors in the MFF debate thus closely follows the parliamentary actors' priorities in the internal process of representation, where a coordination of political positions is not regarded feasible and disposes of no political priority among the political groups – with exception of the Green party groups. Nevertheless it is interesting to note as well that the overall emphasis what priorities are highlighted in the parliamentary debate in terms of priorities largely resembles between the parliamentary levels, therefore making no distinct allusion to the formally divided budget authority.

9.2 Political Priorities of Parliamentary Actors

After highlighting the overall claims used by the parliamentary actors which underlined the differences in the perceptions of the budgetary debate despite similar claim taken in the budgetary

process, the following part will take a closer look at the claims related to the "political priorities" used by parliamentary actors. Overall, the debate on the political objectives of the EU budget has taken less space in the parliamentary debate compared to other institutional factors, such as its revenue system or the size of the budget. It has been elaborated above that the political priorities debated with regard to the EU budget are closely connected to the notion of an "added value" of the EU budget. This "added value" implies that the EU budget – as primarily being an investment budget – disposes of specific advantages ("added value") to national budgets in creating economies of scale. However, what this added value, or political priorities with regard to the specific programs set up under the EU budget, might be exactly, is up for debate. Similarly to national budgets, the political priorities supported through budgetary priorities reflect the broader political direction the respective parliamentary representatives support and envision for a political system. The precise justifications related to claims mirroring a demand for specific "political priorities" is thus undertaken in order to mirror what broader political aims the representative actors attach to the EU budget.

In its agenda-setting function, the European Commission overall aimed at framing the EU budget in light of the Europe 2020 strategy which calls for strengthening the European economies through "smart, sustainable and inclusive growth" until the year 2020.[237] Similar to the historical experience of linking bigger integration projects with multi-annual programs, the European Commission put the "Europe 2020" strategy at the heart of its budgetary emphasis. This was not only to outline the Commission's political priorities but also to frame the broader budgetary debate and to justify the structural changes foreseen with the Commission's proposal towards the member states and the European Parliament. This explains the strong discursive focus of the Commission in its perception of political priorities on research & development, growth policies and employment (figure 9.4). Questions on infrastructure were equally framed by the Commission as being a contribution to the achievement economic growth, the creation of jobs and the functioning of the Internal Market in order to justify a considerable shift of funds to these areas.[238]

> "We need to have in place the most modern infrastructure so as to exploit to the full the potential of our single market", José Manuel Barroso, European Commission, (European Parliament 2013b)

> "The MFF is also of vital importance in enabling the European Union to remain one of the most competitive regions in the world (…). For this, we need to provide financial resources for world-class research and innovation", José Manuel Barroso, European Commission, (European Parliament 2013b)

As the co-occurrence visualization (figure 9.4) underlines, the European Commission attained a central position inside the MFF discourse as it absorbed the respective discursive claims from other representative actors. As being the agenda-setter of the budgetary process, the European Commission explained and promoted its draft budget in the respective representative institutions. The claims therefore also mirror the interest of the European Commission to exert influence through occupying a brokering position between the respective budgetary actors. In this respect,

[237] The precise policy areas, the strategy wants to contribute to, are: employment; research & development; education (university, tertiary, and lifelong learning); fighting social exclusion; and climate change and green technologies, http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/targets/index_en.htm, accessed 19.11.2016.

[238] The emphasis on transeuropean networks also implies a considerable institutional interest of the Commission that would see its political position strengthened in administering those funds.

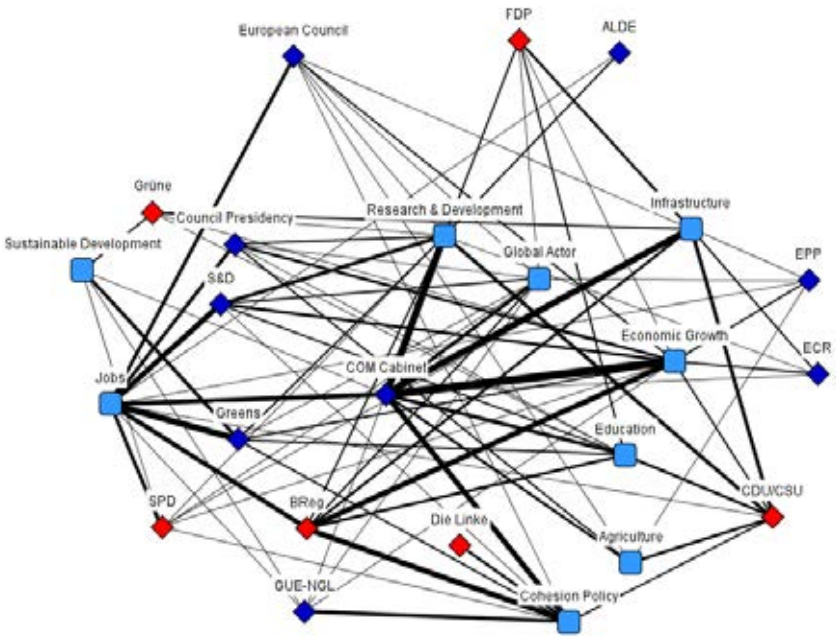


Figure 9.3: **Affiliation network EP and Bundestag**

looking at the discursive ties, the Commission certainly managed to frame and connect its policy positions widely within the representative sphere.

Taking a look at the claims used by the most central representative actors with respect to the Europe 2020 strategy, they largely reflect these goals. However, it has to be noted that these policy areas are of an encompassing nature and their meaning attributed may not reflect the perception of the Europe 2020 strategy. The most recurred on discursive claim (in-degree, not weighed) in this respect is the creation of jobs as a political priority for the EU budget which is named by 12 out of 15 representative actors. It is followed by an emphasis on growth policies and research and development (11 mentions respectively).[239] Further core issues of sustainable development, the fight against poverty (partly included in the claims regarding cohesion policy) and education are reiterated less prominently in the budgetary debate. The framing of the EU budget as contributing to the position of the EU as a global actor and that the EU should contribute to agricultural policies are not reflected in the Europe 2020 strategy. Therefore, the main aim of the EU Commission to frame the budgetary debate in terms of the Europe 2020 strategy was only partially fulfilled.

Although, many major aims of the Europe 2020 strategy have been reiterated by the parliamentary actors, their respective focuses of the political priorities for the MFF are diverse. The public claims of the representative actors' priorities for the MFF 2014-2020 highlight their particular perspective on what the budget should be for. Accumulating the three claims that have been made most frequently during plenary debates shows that there is indeed a considerable variation between what the EU budget should tackle most importantly from the perspective of the respective party groups and what is therefore perceived to be a "political priority" for the representative actors (figure 9.4). While the German government stresses the support of growth and jobs through the MFF, the Green group in the EP highlights the importance of sustainable development, and the GUE-NGL

[239] However, it has to be noted that this does not reflect the repeated using of this claim but only refers to the question how many actors in general have used this claim. It thus represents the overall perceptions of specific claims in the discourse.

group supports a stronger role for cohesion policy. Overall, these claims used in the parliamentary debate by and large mirror the political priorities set by the parliamentary groups in the beginning of the budgetary debate (see chapter 7.2.2.). Although some of the precise focuses such as "jobs" and "research and development" did not figure as prominently among the parties priorities in the beginning of the deliberation.

Figure 9.4: **Political priorities of party groups**

	Three most important political priorities*
European Commission	Growth, R&D, Infrastructure
German government	Cohesion, Economic Growth, Jobs
CDU	Infrastructure, R&D, Agriculture
EPP	Growth
SPD	Jobs
S&D	Jobs, R&D, Economic Growth
Grüne	Infrastructure, Sustainable Development
Greens	Jobs, Sustainable Development, Cohesion
FDP	Infrastructure, Education, R&D
ALDE	R&D
Linke	Structural Funds / Cohesion
GUE	Structural Funds / Cohesion
ECR	Growth, Infrastructure

* Only those priorities mentioned more than once were added.

The Greens both on the EU and German level put an emphasis on sustainable development and aim to use investments in infrastructure or in research and development to further a more sustainable European Union.

"Denn das ist genau das strukturelle Problem dieses Haushalts. Wir setzen nach wie vor die alten vormodernen Prioritäten! Wir haben mehr Geld für die Agrarindustrie als für die arbeitslosen Jugendlichen", Greens, Daniel Cohn-Bendit, (European Parliament 2013d)

The Green parties on the national and supranational parliamentary level used a common political frame, the "Green New Deal", for their public framing of the budgetary negotiations. They aimed at embedding the budgetary discourse within the broader political discourse of green parties in the European Union.[240] Therefore in their public claims, the question of sustainability is of prime importance.

„Zu den wichtigen Aufgaben für den EU-Haushalt ab 2014 zählen aus unserer Sicht vor allem Forschung und Entwicklung und die Realisierung des Green New Deals auf europäischer Ebene. Neben der Förderung der erneuerbaren Energien zählt vor allem der Ausbau des europäischen Stromnetzes dazu", Greens, Manuel Sarrazin, (Deutscher Bundestag 2011a, p. 17522)

The social democrats put their discursive focus on the question of jobs and here mainly on youth employment in Europe that should be a focus for the EU budget.

„Wie kann dieser Haushalt den größten Verlierern der Krise, nämlich den jungen Leuten - nicht nur in Griechenland und in Spanien -, neue Hoffnungen auf eine bessere Zukunft geben?" SPD, Michael Roth, (Deutscher Bundestag 2013a, p. 27506)

While both parliamentary levels were united in the claim that the EU budget should deliver jobs in the European Union, the S&D party group stresses more the impact of the EU budget on growth policies and that one needs to invest in the budget. Nevertheless, both party groups put a discursive emphasis on creating employment in the European Union with the help of the EU budget.

[240] Greens/EFA (2012): Position Paper on the Multiannual Financial Framework: No sustainable resources without own resources", June 2012.

The left parties (Die Linke in the Bundestag and the GUE-NGL party group in the EP) equally shared similar claims on the EU budget's priorities: Strengthening cohesion policies in order to aid the poorest people in Europe and to use the EU budget to foster more equal living conditions in the European Union.

> "Die wichtigsten Fonds – Strukturfonds, Kohäsionsfonds – werden am schärfsten gekürzt und zusammengestrichen. Es sind aber gerade die Fonds, die im Augenblick am nötigsten sind, um auf europäischer Ebene dazu beizutragen, dass wir endlich aus der Krise herauskommen", GUE-NGL, Jürgen Klute, (European Parliament 2013e)

Same holds for the liberal party groups, where both the German FDP and the European ALDE group support claims to focus budgetary expenditure on research and development and infrastructure policies. Therefore, both groups criticize the ongoing emphasis on agricultural subsidies and regard investment in future technologies as most important priorities for the EU budget.

> „We need a modern and innovative budget. We need to ensure that there is more money available for research, innovation and the digital agenda", ALDE, Anne Jensen, (European Parliament 2013d)

> „Diese neuen, mutigen Weichenstellungen führen zu einer größeren Unterstützung für transnationale Netze in den Bereichen Verkehr, Telekommunikation, Elektrizität und Energieversorgung sowie zu mehr Förderung für Forschung, Wissenschaft und Bildung", FDP, Joachim Spatz, (Deutscher Bundestag 2012a, p. 22236)

The conservatives, finally, dispose of diverging preferences between the German CDU/CSU and the supranational EPP group. The German conservatives stressed in the budgetary debate the importance of agricultural subsidies – as it has also been underlined with regard to the practices and coordination mechanisms inside the party group:

> "Wir als Union sorgen uns um die Existenz der Bäuerinnen und Bauern", CDU/CSU, Johannes Singhammer, (Deutscher Bundestag 2013a, p. 27505)

However, on the supranational parliamentary level, this issue is not of a prime concern in the conservative's debate inside the European Parliament. Here the political priorities of the EU budget rather stress the importance of growth through investment in the EU budget in their plenary statements:

> "The European budget is an investment budget and not a budget of expenditure: because we need it to relaunch growth", EPP, Joseph Daul, (European Parliament 2012a)

> "Ce que nous voulons, d'abord, c'est un budget réaliste, qui continue d'être un ressort d'investissement et de croissance qui maintienne nos politiques communes", EPP, Joseph Daul, (European Parliament 2013b)

This importance of the EPP group to negotiate an EU budget which is able to finance the political priorities and challenges of the European Union has also been reiterated in their positioning (EPP 2011). The German conservatives in this respect also use the claim of "growth policies" and investments which are needed for the EU budget. This is furthermore underlined by the discursive claims of the German government which discursively combines the claims "growth" and "jobs" in its positioning on the budget in stating that:

> „Das (the conclusion of the budgetary deal between Council and European Parliament, LS) ist ein wichtiger Schritt für die Planbarkeit unserer Ausgaben, für die Möglichkeit, wirklich etwas für Wachstum und Beschäftigung zu tun", German Government, Angela Merkel, (Bundesregierung 2013)

This emphasizes again the difference in discourse between the conservative actors: While the EPP aims to underlines the notion of the investment budget for the EU budget, the German chancellor

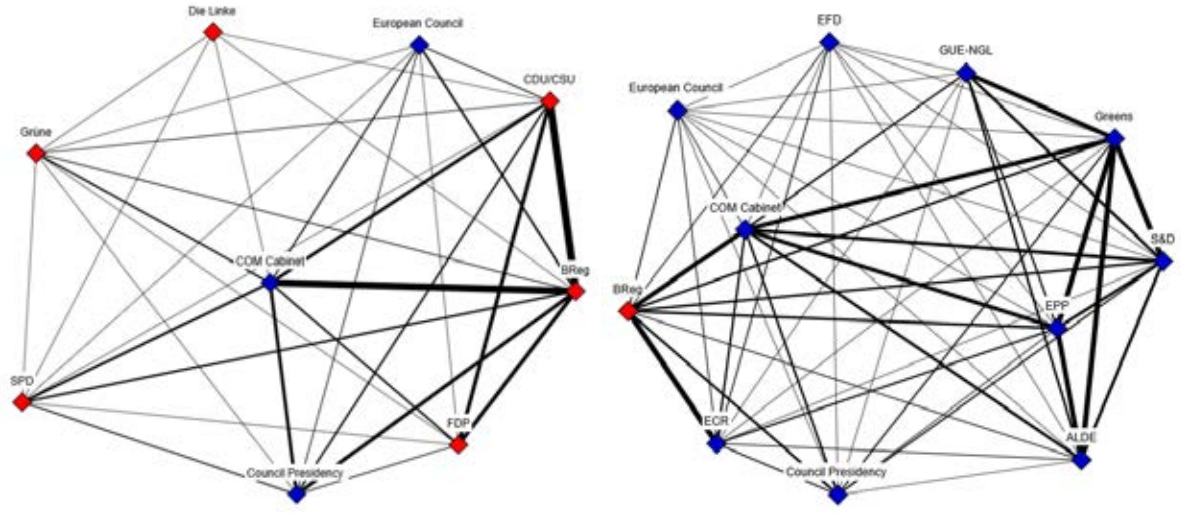
displays the EU budget as an expenditure for Germany before elaborating on the investment aspects such as growth and jobs.

All in all, the claims compared between the party groups depict similar cleavages between the national and supranational party groups of the same ideological color. In this respect, the justifications for the EU budget's spending are centered on the respective electorates of the political groups and thus mirror, same as in national budgetary politics the major party-political cleavages. The party families dispose of similar claims with regard to what the EU budget should support in terms of political priorities. This party-political component in the budgetary discourse not only highlights the similarities between the party-political groups on the national and supranational level but also show that the political priorities debated inside parliament also reflect those classical party-political cleavages as they are traditionally assigned to party families (such as the green parties favoring green growth policies, the left highlighting more equal chances for the poor, and the liberals supporting innovation and R&D policies). Only the conservative group does not share as many similarities in terms of what is perceived as a political priority for the EU budget, as German conservatives underline agricultural subsidies as a priority while the EPP is more focused on investing in growth policies. Similar to the national budgets' development it can thus be seen that the preference on spending structures are aligned to respective party-political electorate of the parliamentary actors.

9.3 Representative Coalitions in the Budgetary Debate

After having taken a look at the individual structure of the budgetary debate and the major claims debated from representative actors, the overall structure of the budgetary debate is analyzed. Since parliamentary claims are not taken in a vacuum but also position a representative inside of a specific group, representative actors are linked with each other through jointly approved or rejected claims. Both national and supranational actors will be included in order to enable an overview on the cohesion of the budgetary debate between parliamentary levels and political parties as major institutions of representation. These overall claims are assembled in an overall structure of representative claims where the sharing of the approval or rejection of claims can be visualized. The following co-occurrence networks (see also chapter 4.4.2) display how representative actors

Figure 9.5: Co-occurence network on Bundestag's and EP's discourse coalitions



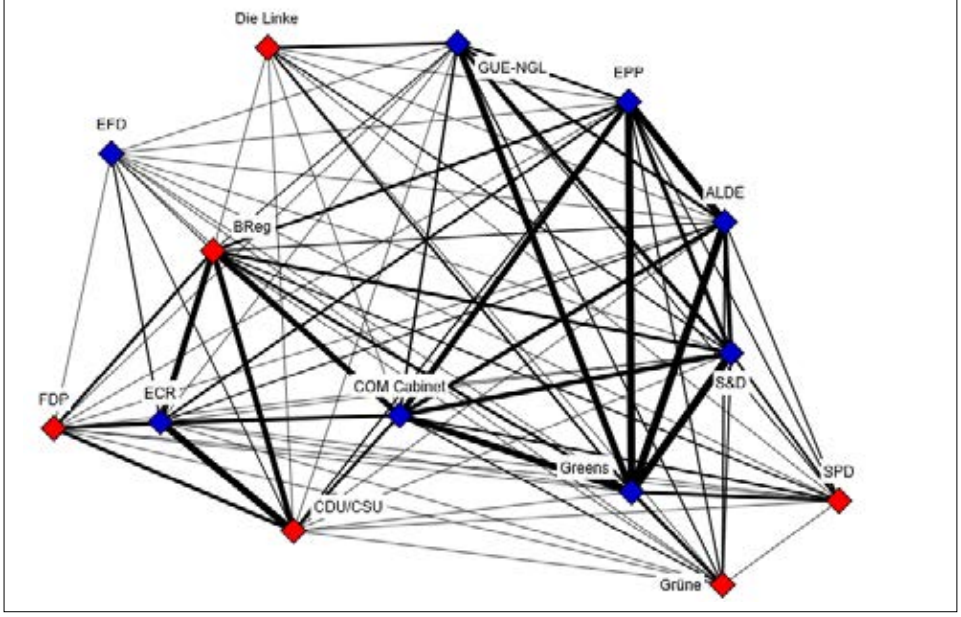
are linked in the budgetary debate both with regard to institutional-structural arguments and to the political priorities that were regarded as important in the budgetary debate.

On the national and supranational level, the structure of the budgetary debate (figure 9.5) is characterized by diverging coalitions: The German governmental level disposes of a distinct divide between the government coalition and the opposition representing the overall parliamentary structure of German parliamentarism. The majority parties CDU/CSU and FDP and the German government form a strong discourse coalition compared to the opposition parties that form a cohesive subgroup and rather share claims with the EU Commission that disposes of a brokering position between government and opposition parties. As the governmental parties strongly and heavily used claims with regard to the size of the EU budget and the rejection of a reform of the own resources system, they are particularly dominant within the German parliamentary debate due to a strongly focused and cohesive argumentation.

On the supranational level, the major party groups, EPP, S&D, Greens, ALDE, and – though to a lesser extent – GUE-NGL, form a densely connected coalition inside the European Parliament. This coalition reflects the strategy of the European Parliament to stand as a unified front against the position of the Council in the budgetary debate. Which is thus mirrored in this strategy in the budgetary debate. The member states' representative actors such as the German government and the Council Presidency form another coalition on the supranational level, which is, however, less dense. It also comprises of the ECR party group which – similar to the German government – has been a fervent opponent of an increase of the size of the MFF within the parliamentary discourse.

Merging the governmental levels in the overall network of discourse coalitions surrounding the EU budgetary negotiations, it is shown that the budgetary debate comprises **two overarching coalitions** with the European Commission again occupying a brokering position.

Figure 9.6: Co-occurence network of all actors



The first coalition is a densely connected group between the national governmental actors, the German government, the CDU/CSU and the FDP, and the ECR political group on the supranational level. The European Council and the Council Presidency are also, though to a lesser extent, embedded in this coalition. The second group is what could be called a "supranational parliamentary discourse coalition" consisting of the major EP party groups and to a lesser extent

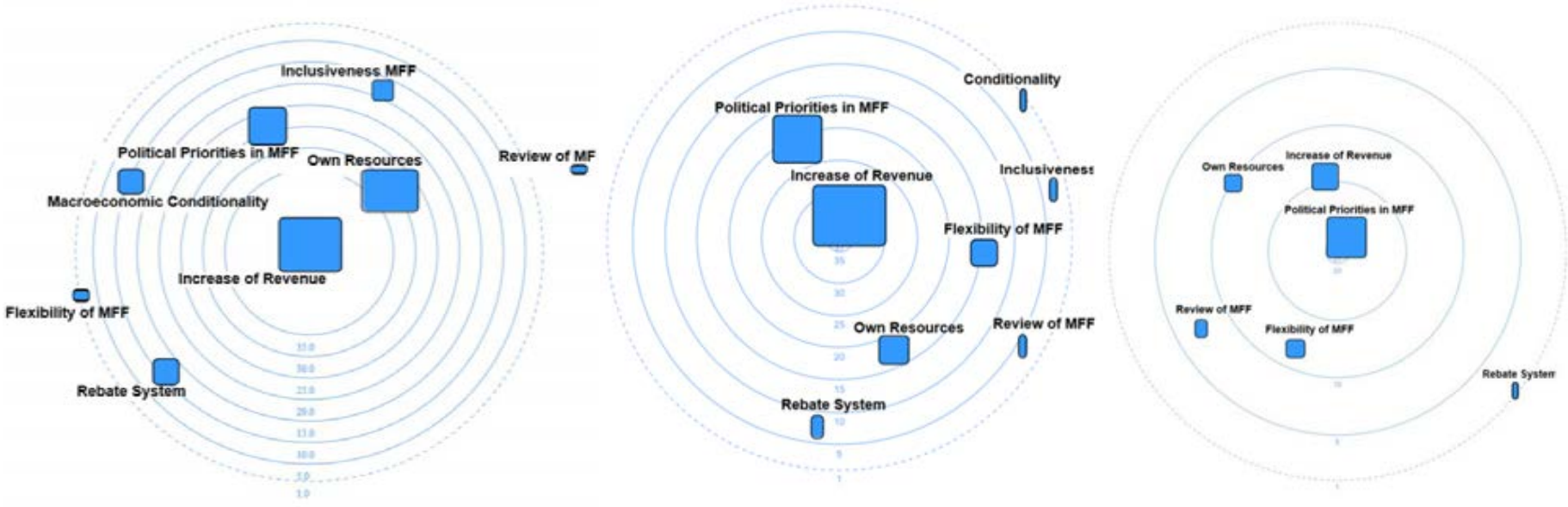
the EU Commission. The German opposition parties share representative claims with this coalition, however, they are not centrally embedded. The European Commission serves as a broker between the two coalitions. It both shares claims with the German government and the ECR group. These claims are mostly related to the size of the EU budget, as the European Commission discursively framed its draft budget, which foresaw no increase of funds only an extrapolation of funds as a statement against the increase of funds. At the same time, the EU-Commission is also densely connected to the supranational parliamentary discourse coalition – mainly with regard to a reform of the own resources system which has been equally supported by the Commission. Regarding the embeddedness of specific actors in this coalition, it has to be asserted that the German parliamentary actors from the opposition are less embedded in the overall discursive structure. This is certainly due to the fact that the opposition parties were not able to voice a coherent position with regard to the EU budgetary negotiations. While the German governmental parties succeeded in using the size of the budget as a mono-thematic claim for a robust coalition spanning the German and EU governmental level, the opposition parties' claims are less embedded.

Despite the rather strong overlaps in the overall political priorities to be achieved with the EU budget, transnational party-political links in the budgetary discourse are rather weak. Nevertheless it can be asserted that the German opposition parties dispose of most shared statements between their respective party groups: While the Greens share most representative claims with their sister party group, same is true for the Left party groups and the social democrats (which also share many statements with the Greens). The CDU/CSU and FDP indeed also dispose of strong transnational links but not with their respective sister parties on the EU level but with the ECR party group. Claims on the size of the MFF and the reform of the own resources system were the most important issues raised in the budgetary debate from the perception of all representative actors. It was the claim that mostly shaped the public position of the German government and its parliamentary majority in rejecting both an increase of the EU budget's size and a reform of the own resources system. The European Parliament did not share this position, it was not able to reflect this discourse in its rows as its position was either fundamentally different (S&D, Greens and GUE-NGL), or not addressed in a straightforward manner (as in the EPP / ALDE case with respect to an increase of the MFF). Therefore, the two distinct discourse coalitions prevalent in the budgetary debate were mostly structured between the supranational- and the national level of governance displaying the major political conflict between the European Parliament and the member states, therefore underlining the strong territorial notion of the parliamentary debate. While German opposition party groups are feebly linked to their supranational pendants, the German majority parties dispose of the closest party political links with the ECR party group.

With regard to the **temporal development** of the budgetary debate, it is of most interest how the respective claims used by the representative actors developed over the respective phases of the debate and to what extent changes of position have been reflected in the public debate. In this respect, the evolution of the dominant coalitions will be traced and possible approximations between discourse coalitions analyzed in order to better understand the configuration of representative interests in the budgetary debate

The evolution of discursive claims shows that the three majorly-used claims – size of the budget, own resources, and political priorities of the MFF – are in this position throughout the budgetary debate (figure 9.7). Nevertheless, they display a changing importance over the course of the budgetary process.

Figure 9.7: Development Discursive Claims during the EU budgetary debate



Phase 1 Phase 2 Phase 3

During the first two phases of the formulation of the EU budget, the claim for or against an increase of the EU budget's size is by far the most dominant claim. This changes in the third phase, after the compromise in the European Council has been found. Here, claims surrounding the political priorities of the budget gain more importance. This temporal analysis thus displays a major shift of the justification of the EU budget, which has been mostly due to the position of the European Parliament in the budgetary debate. After the compromise in the European Council, the precise negotiation started with the European Parliament that acknowledged that the size of the MFF was not to be changed after the final bargain struck in the European Council. The reorientation of the EP in the public debate towards more realistic demands is therefore reflected in the broader debate on the EU budget. At the same time, claims such as the flexibility of the budget, and the review of the MFF gain more importance in the final stage of the budgetary process.

Furthermore, the evolution of the claim around the approval and rejection of a reform of the own resources system nicely reflects the broader development of the EU budgetary debate and the policy preferences attached to it by representative actors. In the early stage of the debate, the claims with respect to the own resources system is a central element of the discursive structure. As a reminder, the European Commission included precise proposals for the introduction of an own resources system based on "genuine own resources" in its budget draft. In the following the question is heatedly debated both in the European Parliament and on the national level. However, in the second and third phases, the concept is less and less central, which may be explained not by a change of policy beliefs but by a re-orientation of the budgetary debate as the further the negotiations proceeded the less likely it became that a veritable change of the own resources system would happen.

As a second element next to the overall distribution of representative claims, the evolution of discourse coalitions is analyzed. The aim is to track to what extent the discourse coalitions changed and what dominant coalitions existed over the course of the budgetary debate. Figure 9.8 demonstrates that the two discourse coalitions that have been described above existed throughout the budgetary debate, although they diverge in their respective dominance and their members. This is mostly the case due to a diverging participation of the respective representative actors in the budgetary debate, as for example the Bundestag is most active in the early phase of the debate while the EP has been most densely embedded in the final negotiation phase.

As what regards the member states-dominated coalition, its permanent members are the German government and the ECR political group, while both the Council Presidency and the European Council are indeed part of this discourse coalition, but less embedded than the former two. Furthermore, from the German Bundestag the CDU/CSU and the FDP political groups are strongly embedded in the coalition in the first and third phase of the MFF discourse. While the first phase in this respect shows a cohesive subgroup between the German government, the CDU/CSU, ECR and FDP indicating a significant overlap in terms of the claims used. This overlapping of claims is largely centered in the commonly framed rejection of a budgetary increase and the equal refusal regarding a reform of the own resources system. In the last phase, however, this subgroup is less distinctly shaped and also less dominant in terms of its prominence. What can be explained by the fact that negotiations took place between the European Parliament and the Council and thus the German government and the German parties were not as actively embedded in public debates as before.

The second coalition, mainly centered on the major EP parliamentary groups, equally changes its shape and dominance during the budgetary debate. In the first phase the Greens in the European Parliament were strongly connected to other parliamentary groups in the European Parliament and to German opposition parties. Among the parliamentary actors, the Greens have the strongest degree centrality (10.803) indicating their prominence in the budgetary debate. However, there is no overall coalition between the members of the European Parliament group and the German opposition parties as the overall cohesion among the other actors remains rather low. This changes in the second phase where a more cohesive coalition emerges. This densely interconnected coalition underlines that distinctively shared discursive claims and meanings between the parliamentary actors prevail. As these debates take place during the time where the European Council negotiates a deal, the main emphasis of the EP is to display a unified front for a better funded budget.

The last phase, when the European Parliament was formally able to fully act as budget authority in negotiating the final deal with the Council, was characterized by a change in the parliamentary discourse. The former phases were distinguished by a rather high internal cohesion and similar discursive claims (phase 2), or a rather rudimentary embedded discourse coalition, where discursive frames were mostly shared with the Green party group (phase 1). The final negotiation phase which brought the MFF deal brokered by the European Council to the European Parliament is characterized by a discursive re-orientation of the respective party groups. Although the Greens still function as a discursive center among the EP party groups, the emphases of the respective claims change. The EPP and ALDE groups display a modest shift in their public claims towards the member states positions. This discursive move from the conservatives and liberals occurs due to a stronger emphasis of these two groups on more "realist claims" in order to broker a compromise with the Council, as it was also underlined in the internal coordination of representation. Therefore, an emphasis was put on the issues of the review of the MFF and the flexibility of funds between specific headings:

> "We have also achieved that we will have more flexibility in the budget. I think this a good deal. However, the disadvantage is that the margins are usually rather small", ALDE, Jan Mulder, (European Parliament 2013e)[241]

> "We have a deal on the review of the MFF so that the Parliament elected in 2016 [sic!] will have the opportunity to change the overall budget", ALDE, Anne Jensen, (European Parliament 2013d)

> "C'est pourquoi le Parlement européen accorde une importance majeure à la révision à mi-parcours et à la réforme du financement du budget qui commencera par le lancement de ce groupe à haut niveau (the high level group of own resources)", EPP, Alain Lamassoure, (European Parliament 2013e)

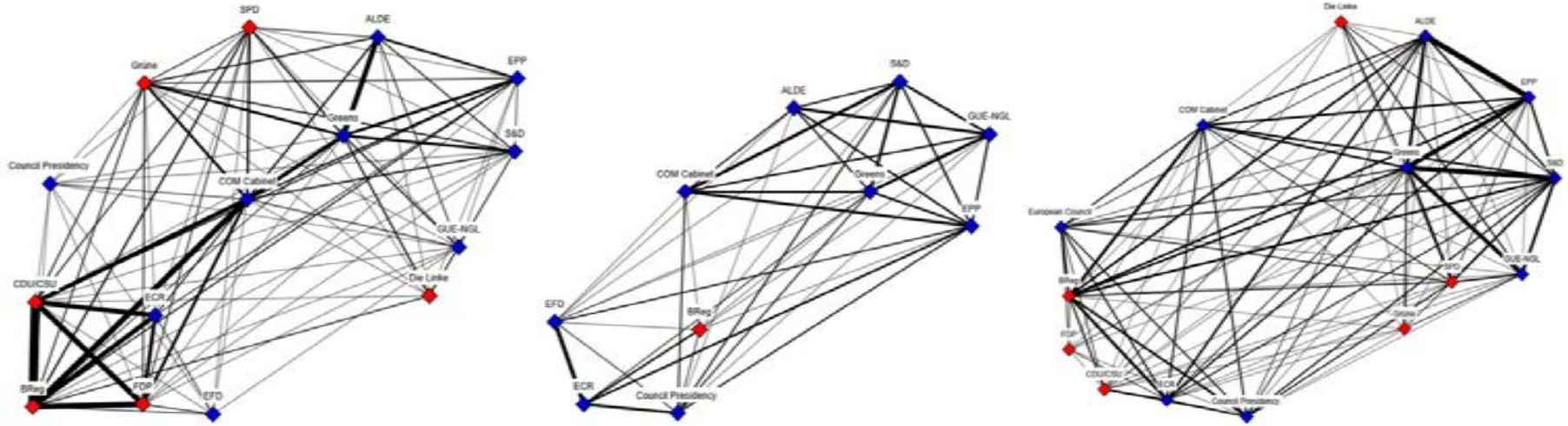
On the other hand, the S&D, GUE-NGL and Green groups remain putting an emphasis on the parliamentary core interests that have been voiced throughout the MFF discourse such as the size of the budget and its financing through own resources:

> "Sollten wir nicht genauso viel Energie, wie wir für das Einsparen verwenden, auch für die Erhöhung der Einnahmen verwenden?", S&D, Jutta Steinruck, (European Parliament 2013c)

> "Woher soll das Geld kommen? Es muss aus neuen Eigenmitteln kommen, insbesondere aus der Finanztransaktionssteuer. Die muss in den europäischen Haushalt fließen. Das ist auch eine klare Antwort an unsere Bürgerinnen und Bürger", Greens, Helga Trüpel, (European Parliament 2013c)

[241] Own translation, original in Dutch: „Wij hebben ook bereikt dat we meer flexibiliteit zullen hebben. Dat lijkt mij een hele goede zaak. Het grote nadeel is dat de marges buitengewoon klein zijn."

Figure 9.8: Temporal development of the budgetary debate



Phase 1 Phase 2 Phase 3

In this respect, the final vote on the MFF also consists of a blaming of the more conciliatory framing of the other party groups from the side of the Greens and GUE-NGL group. Interestingly, the final discursive shift undertaken by EPP and ALDE towards a more realist discursive position is not reflected in the discursive claims uttered by the S&D party group although the group equally supported the final deal in the end.

In terms of the interrelation between the supranational parliamentary actors and the national parliamentary discourse it is furthermore interesting to note that the European Parliament has also been publicly used by national parliamentary actors. This linkage, however, is not referred to in terms of a common electoral interests but to serve the respective majority and opposition party's institutional interests: In this respect, the conservative party group refers to the European Parliament in order to pressure the EP to support the final deal:

> "Jetzt ist das Europäische Parlament gefordert, diesem Kompromiss schnell zuzustimmen. Ein erneutes Aufschnüren des Finanzpaketes hilft keinem der Beteiligten. Mit seiner Drohung, ein Veto gegen den Finanzrahmen einzulegen, nimmt Parlamentspräsident Martin Schulz billigend in Kauf, die relative Sicherheit in der Euro-Krise erneut zu gefährden." (CDU/CSU party group 2013)

While the social democrats and the Green party groups support the European Parliament due to its party-political rejection of the governmental position in the budgetary debate SPD. Also the process of budgetary negotiations is criticized:

> „Das Europäische Parlament hat heute mit großer Mehrheit den Haushaltsdeal der Staats- und Regierungschefs als inakzeptabel abgelehnt. Das Parlament hat damit Merkels Strategie des ‚so viel kürzen wie möglich, so wenig geben wie nötig' eine klare Absage erteilt." (Grüne Bundestagsfrakion 2013)

> „Ungeniert haben die europäischen Staats- und Regierungschefs bei den Verhandlungen mit ihrer Hinterzimmerdiplomatie so weitergemacht, wie bisher und die Forderungen des Europäischen Parlaments ignoriert." (SPD Fraktion 2013)

Finally, looking more closely at the position of the European Commission as a "discursive broker" shows that this position changed quite significantly, if the respective steps of the process are assumed separately. The Commission was not able to uphold its brokerage role. As the Commission only disposes of the agenda-setting power and technical and implementing powers, its embeddedness in the discourse coalitions is regarded as an important mean to embed its policy preference in the respective representative institutions and thus to influence the actual outcome of the negotiations. In the first phase of formulation phase, the Commission indeed was in a brokering role and centrally linked the two discourse coalitions.[242] However, this changes in the second and third phases, as the Commission is not centrally embedded in the discourse coalitions any longer. In the second phase it largely shares claims with the European Parliament, most notably with the S&D, EPP and EPP political groups. This change could be explained by the fact that during this phase the EU Commission particularly addressed its support for a reformed own resources system which it shared with the European Parliament.

> "The Commission reiterates its proposal for a system of own resources that is closer to the rules of the Treaty, which state that the Union budget should be financed from own resources. It is important that in the next few days the European Council indicates its willingness to proceed in that direction", José Manuel Barroso, Commission President, (European Parliament 2012a)

[242] The Commission disposed of the highest betweenness score (23.623, average betweenness: 6.667) among all representative actors in the first phase. Thus indicating that the Commission was in an important brokering position between the major clusters of the discourse network.

In the last phase, finally, the European Commission is largely invisible in terms of its discursive embeddedness as the final deal is mostly debated inside the Parliament. The Commission is neither centrally embedded in the final debates inside the Parliament nor the Council debates.

9.4 Conclusion on Representative Claims

The parliamentary deliberation of the EU budget has not been sequenced between parliamentary levels according to its official formal-legal structuration. Both in the EP and in the BT, budgetary debates were not structured according to the formal division of the budget authority. Both revenue and expenditure were regarded as genuine parliamentary tasks on both parliamentary levels. The "standing for" and "explaining policy" function of parliamentary actors has, however, taken place at different phases of the budgetary debate. The public debate in the Bundestag was largely centered on its control function on the national level towards its own government, which took place in the first negotiation phase where the Council deliberated on its position. Also after the final deal was struck in the European Council, the Bundestag debated on the MFF as well. The European Parliament debated the MFF dossiers most intensively during the final phase of the budgetary formulation when it was officially included in the process. In terms of the focus of the budgetary debate the overall parliamentary debate mostly centered on structural and institutional issues and did not predominantly focus on the political priorities of the EU budget. The institutional and structural features of the Multi-annual Financial Framework such as the size of the budget and the composition and sources of own resources were the most heatedly debates issues. These questions therefore left genuine political questions on what priorities to take with the EU budget with a less prominent position.

The perception of what were the most important issues to be tackled with the EU budget were perceived similarly between parliamentary levels. The representative actors embedded in the budgetary discourse related to similar discursive claims, therefore there was a high convergence on which claims were debated and thus regarded as important elements of the budgetary debate. Nevertheless the position towards these claims was by and large different. In terms of the institutional and structural aspects of the EU budget no common meaning was established between the national and supranational parliamentary levels. Therefore, while similar topics were regarded as important, the answers on how to assess them politically diverged not between party groups but mostly between the national and supranational parliamentary level.

With regard to the political priorities debated in parliaments, representative actors by and large reflected the priorities of the Europe 2020 strategy. A particular focus was on questions like growth and employment, also mirroring the bigger political context of the budgetary debate which was strongly marked by the economic crisis. However, also specific budgetary claims that rather reflect the structure of the EU budget, such as agriculture, equally found their way into the budgetary debate. As already highlighted in chapter 6.3.3, the European Parliament's spending decisions are more prone to shift funds to European public goods oriented headings of the budget and less likely to support specific member states interests (Kauppi, Widgrén Mika 2009). This has been mirrored in the EU budgetary debate inside both parliamentary institutions. While the European Parliament advocated for a stronger focus on using the EU budget for innovation policies (heading 1a), the German Bundestag discursively focused on better spending policies with an equal focus on a stronger support for those "future-oriented" spending areas.

Next to the political priorities, a further focus of the European Parliament was on institutional questions which were related to the long-term position of the EP in the EU budgetary system such as the flexibility of the EU budget or a budgetary Mid-term review of the MFF – both being issues that were not reiterated by the national parliamentary level. Inside the Bundestag the budgetary debate was split between majority and opposition parliamentary groups. However, claims such as an increase of the EU budget, as it has been advocated by the European Parliament, did not find an echo among the opposition parties in the German Bundestag. Divergences between majority and opposition party groups were most distinct with respect to the own resources question and the conditionality of spending which was rejected by the opposition party groups. Direct references to the respective other parliamentary level were only made very indirectly in the parliamentary debate and were used in order to support the respective national party-political position. The European Parliament did not actively reference national parliaments in the plenary debates.

In terms of the political priorities that were equally part of the budgetary debate – though not at its center –, a distinct change of emphasis in terms of discursive coalitions can be regarded. The party-political interests in what the EU budget should accomplish were uniting the national with the supranational party groups. The influence of party-political interests is also reflected in the discursive change in the final phases of the MFF debate where the parliamentary unity is abandoned from the EPP and ALDE groups which share a discourse being more centered on questions of flexibility and a review of the budget in order to appease "their" national government while the other party groups still stick to the bigger budgetary questions that represent major lines of conflict between the EP's and member states interests.

All in all, two dominant coalitions emerged in the budgetary debate. Not only that these two coalitions used diverging claims in their shaping of the budgetary debate but they disposed of two inherently diverging discursive frames and representative orientations. While the first coalition – dominated by the German government and the ECR group in the European Parliament – strongly rejected the increase of the EU budget or the reform the own resources system, the second coalition – mostly dominated by the major EP parliamentary groups – was in favor of these proposals.

10. CONCLUSION - PARLIAMENTARY REPRESENTATION IN THE EU-BUDGET

„Das Parlament ist der öffentlichste Raum und doch in manchem so undurchsichtig wie unverständlich." (Willemsen 2014)

Studying the process of budgeting in the EU is a challenging exercise as negotiations on the Multiannual Financial Framework are not only directed to the setting of the EU's political priorities but also strongly incorporate diverging institutional interests and perceptions of the finalité of EU integration. A representative democracy has to expediently embed parliamentary actors and needs to weave a wide range of societal interests into the political process particularly in the decision of financial resources. Therefore parliamentary actors play a distinct role in contributing to the overall legitimacy of a political system. With regard to budgetary politics, parliamentary actors both need to explain political choices, be responsive to their electorate and need to show that the political priorities for the European Union's budget are set.

Consequently the research interest of this study has been twofold: On the one hand it observes how the parliamentary actors are embedded in the process of EU budgetary politics and what budget authority they perform. On the other hand it aims at conducting a broader analysis of the multidimensionality of parliamentary representation in the European Union by looking at the orientation of parliamentary actors within the budgetary process in order to gain a better understanding of the mechanisms of parliamentary representation in the European Union. The major question[243] of this study has thus addressed two bodies of literature: Research on parliamentary representation in the European Union, firstly, in order to take a closer look inside the representative orientation and interests of parliamentary representatives in the European multi-level political system. Secondly monitoring the parliamentary dimension of budgetary policy-making since both national and supranational parliamentary actors are functionally embedded in budgetary politics. The analysis centered on situating parliamentary bodies inside the European Union's institutional set-up by taking their formal embeddedness in the political process and institutional configurations in the EU budgetary debate into account. The analysis of the factual embeddedness and budgetary performance of parliamentary actors rests upon the nature of parliamentary representation as being profoundly shaped by communication. Therefore, both the internal coordination of representative actors inside the political system and their external communication towards the electorate has been taken into consideration.

Budgetary matters are innate in every modern political system. The public levying of funds is a vital state-function, not least because the budget touches nearly every area of political life. In this respect the question which institution is legitimately entitled to decide on these matters is rather of a political than a purely financial kind. This is also the case regarding the parliamentary procedures on the EU budget that inhibited a strong political notion and which had an important symbolic value for both parliamentary levels in the performance of the MFF negotiations. On the *parliamentary performance of the EU budget authority* in the negotiations for the Multiannual Financial Framework 2014-2020 it can be educed that the parliamentary budget authority has been divided not only formal-legally but also with respect to its factual performance. National and supranational parliamentary actors were divided not due to diverging political priorities (i.e. electoral interests) which were strikingly similar between the political party groups on the EU and the national level,

[243]The research question is: To what extent does the parliamentary performance of the EU budget authority reflect the ambivalence between territorial and electoral representative interests in parliamentary bodies?

but rather due to the bigger institutional questions relating to diverging perceptions of the European integration, parliamentary legitimacy and the position of the EU's budget in the bigger political and parliamentary architecture. In that respect the core political question, which has been disuniting the parliamentary institutions, was who should be ultimately responsible for legitimating the EU budget from a parliamentary angle. While the European Parliament largely centered its budgetary coordination and public communication on institutional factors with the aim to enhance the parliamentary budgetary oversight of the European Parliament in the long run, the German Bundestag rather centered on the need for the EU budget to remain a core member state and therefore core national parliamentary competence.

Connecting these core findings with literature on EU budgetary negotiations, it asserts that the parliamentary debate largely resembles the intergovernmental power game that has been described as a concomitance between integrationist logics and an institutional power game (i.a. Kölling 2012). The parliamentary debate therefore does not only treat questions on what EU money should be spent on or which political priorities should be served within the budget, but it mostly inhibits bigger structural and institutional components outnumbering the debates on the budget's political priorities. With regard to the broader institutional questions, the representative interests were aligned on a territorial basis.

Comparing the EU parliamentary budget authority to national budget authorities it can be asserted that parliamentary bodies do not dispose of a policy-making position in the EU budgetary process. Though both parliamentary levels may – within their respective budgetary procedures – influence budgetary outcomes according to the leeway they dispose of within their given political system. Compared to national budgetary procedures this leeway is, however, more restricted in the EU political system. The divided parliamentary budget authority, which leaves national parliaments and the European Parliament being legitimately responsible for the different strands of the EU budget, also divides the parliamentary procedures and scrutiny of the budget. The *budgetary procedure is not perceived as being a joint contribution to the EU budget in terms of parliamentary oversight and legitimation*. This perception is reinforced since parliamentary oversight is conducted at different times in the EU policy cycle. While the Bundestag springs into action in the first part of the formulation phase, the European Parliament does so in the last part.

Despite the existence of formal instruments of exchange and coordination between parliamentary institutions and the similarities between internal interest structures and the party-political demands towards the EU budget, there is no joint perception or belief in the necessity or the added value of such coordination. Therefore, the contacts between parliamentary levels remain an exchange of information in order to get a better idea what was discussed at the respective other level through a party-political channel. A cooperation in the sense of an exchange of positions in order to contribute to a joint elaboration or positioning was – with the exception of the Green party groups – neither aspired from the supranational nor from the national parliamentary level.

The performance of the parliamentary budget authority was also clearly hindered by the sequencing and the procedures of the budgetary process. Particularly the position of the European Parliament as being just one veto player next to 28 national governments did not further a strong parliamentary influence or oversight. Different to i.e. the German budgetary system, where the constraints on parliamentary influence in budgetary matters are decided by the parliamentary bodies in order to self-bind them in the name of sound public finances, the constraints on the EU level are endogenous to its political system based on the structure of the EU multi-level system oscillating

between supranational and intergovernmental elements of legitimation. The parliamentary budget authority comprises both the authorization of levying new taxes and the oversight on the spending of public funds – both is formally in the hands of parliaments in the EU budgetary system, although less powerful compared to the national procedures.

Therefore, the EU budget is a vocal example of the many problems arising from a transnational system with a distinct supranational statehood while being at the same time still controlled by its member states. This balancing act between supranational and national *raisons d'être* is particularly striking in the parliamentary structure of the EU budgetary system, where national parliaments and the European Parliament perform a "divided budget authority" that is not centered on a joint perception of budgetary influence but is strongly focused on the institutional questions of each parliament's position inside the EU multi-level system.

In terms of the *representative interests* pursued in the EU budgetary process during the MFF 2014-2020 negotiations, territorial representation dominates the coordination of budgetary representation and public claims of the budgetary debate. In terms of electoral representation there are strong overlaps with regard to the political priorities debated in plenary, however, a coordination of parliamentary representation between parliamentary levels was only sparsely used in technical areas and in areas that have been perceived as issues of a precise added value. The respective territorial interests of the party groups on their respective governmental level are regarded as more important than a coordinated party-political understanding of budgetary priorities – a perception which is shared between national and supranational parliamentary levels. It became clear that *competition is a central element in EU parliamentary representation*. In this respect, the focus on territorial interests in parliamentary representation accentuated competitive elements of representation between parliamentary levels instead of a competition between parties as it is normally a key feature in modern democracies.

Since there is no clear hierarchy in the parliamentary coordination of EU budgetary politics and since every parliamentary level assumes itself being responsible to all parts of the EU budget, every parliament views itself as "superior" towards the respective other level. While the European Parliament regards itself as a "power-holder" within the EU budgetary process and as the only legitimate budget authority with regard to the EU budget, the Bundestag equally perceives its overall position as the only legitimate institution to speak for the electorate in terms of making binding budgetary decisions. This non-hierarchy and representative competition is also underlined by the nature of parliamentarism itself: As every Member of Parliament is directly elected and is not bound to any hierarchy, the same applies for the parliament as a collective body. This especially is the case in the European Union where parliamentary sovereignty is not as clearly defined and settled as in other federal states with clearly assigned competencies between the national and sub-national parliamentary bodies.

Today's *convergence of parliamentary representation on territorial interests* and the larger institutional and political quarrels connected with the EU budget is also an outcome of the historical development of EU budgetary politics, which has been further reinforced in the EU budgetary negotiations with regard to the challenge of how to deal with the financial crisis. The reaction to the crisis was an (re-)orientation towards national politics. However, the territorial cleavages in budgetary processes have not existed forever: In the early days of the EU budget, the European Coal and Steel Community stressed the distinct redistributive nature and quasi-federal attribution the EU budget

disposed of in the 1950s which then gradually developed into today's strong prevalence of the member states principle in budgetary negotiations.

This study represents a detailed single-case study on EU budgetary politics. In light of the limits of generalization, the study's findings cannot be easily projected on other policy areas as they dispose of divergent constellations of actors and modes of decision-making. In this respect, the findings remain limited to budgetary politics. Nevertheless, the EU budgetary debate includes a great deal of policy areas and portfolios. It therefore already has been mentioned that "understanding […] the nature of the debates and discussions surrounding the EU's budget is important to an understanding of the nature of the EU's policy portfolio" (Nugent 2010, p. 401). From this perspective, the nature of parliamentary representation in the EU budgetary debate gives a hint towards the broader embeddedness of parliamentary actors in the European Union. Also because budgetary politics have always been a blueprint for the position of representative parliamentary bodies more broadly in the history of the modern nation-state. Although the precise findings must not be generalized, this study might still shed light on some of the regularly raised broader questions of parliamentary representation in the EU multi-level system due to the scope and political importance of the budgetary dossier.

Parliamentary representation in the EU budgetary process displayed a deeper divide between parliamentary bodies which might hold as well for other policy areas. This may be characterized as a divide between the *policy* and the *polity level of parliamentary representation*. On the one hand there is a broad understanding between parliamentary actors of the same political family on the *policy* level in the budgetary debate. This covered joint perceptions of what policies should be enacted through the EU budget and what political priorities should be pursued. However, on the *polity* level of the budget there has been a fundamental disagreement on what formal structure or institutional shape should be achieved with the EU budget. This disagreement highlights a deeper struggle on the direction of integration and on the question on which place parliamentary actors have in the EU budgetary system. For example, a change in the system of own resources towards a genuine EU tax system would necessarily entail a redefinition of parliamentary oversight on the revenue side of the EU budget. A question which has shown strong divergences in the positions between the parliamentary levels as it touches their very own meaning of parliamentary influence and institutional significance within the EU multi-level political system.

The polity level of parliamentary representative interests emphasizes the beliefs of every parliamentary level of supranational versus national policy-making – for example in the debate on the overall size of the EU budget: While many actors inside the Bundestag perceived the demand of the European Parliament to increase the MFF by 5 percent as naïve and as proof for the "ivory tower Brussels", the EP itself perceived the demand as a modest proposal in order to cope with increased tasks the Union had to implement according to the Treaty of Lisbon. Behind this conflict, however, not only stood the bigger question of what role the EU budget should play but also the question of what position the respective parliamentary institutions should hold if a stronger (increased) budget would be enacted.

This hints to a more general struggle in parliamentary politics within a non-hierarchical multi-level environment: On the policy level, parliamentary actors often have similar policy responses to tackle a given problem. However, if deeper beliefs and institutional questions are pointed at, the cooperative beliefs no longer prevail. In this respect, this study also points towards the deeper

divergences that are present – not only in the position of parliamentary actors with regard to the EU budget but also in the understanding of parliamentary representation in the EU more generally.

The two major interests of this study, the performance of the EU parliamentary budget authority and the direction of parliamentary representation between territorial and electoral interests, will be disentangled in light of the empirical findings. While in the formal-legal part (pt. II) and the factual embeddedness part (pt. III) of this study parliamentary actors were analyzed jointly, the two areas of interest to this study will be treated separately here. In this respect the performance of the parliamentary budget authority will be the stepping stone to the analysis of representative interests being at play in the budgetary debate.

10.1 The EU Parliamentary Budget Authority

Budgetary politics in the EU count among the highest ranked political issues in the European Union, with the Own Resources Decision being one of the rare remainders of a purely intergovernmental agreement where the European Parliament has no voice. The EU budget is characterized by a multi-annual structure which – different to other instruments of multi-annual planning inside EU member states – has a binding nature and represents a "grand bargain" on the overall structure of revenue and expenditure for seven financial years. The EU's budgetary structure is composed of the Own Resources Decision and the Multi-annual Financial Framework Regulation. It achieves fiscal stability and a stable financing of EU political programs. The EU budget aims for reflecting the major policy areas of the Union (Art. 311; 312 (3) TFEU). Different to national budgets, the EU budget is by and large shaped as a programming budget. Only 60 percent of its funds are statutory, which gives particular leeway to shaping the EU budget according to political priorities.[244] The programming nature of the EU budget also originates from the fact that the big bulk of welfare and defense policies are still concentrated on the national level, therefore reflecting the ambiguities of the European Union being institutionally caught between an International Organization and a sui generis political system.

In terms of the overall actor constellation, budgetary policies (the MFF and the ORD) are unanimously decided inside the Council.[245] The European Parliament has to give its consent to the MFF Regulation, while national parliaments have to ratify the Own Resources Decision. This structure entails that parliamentary actors – different to national political systems – are only one veto player among many regarding the approval of the EU budget on the revenue and on the expenditure.[246] In the following, the parliamentary budget authority will be assessed based on both the formal-legal inclusion of parliamentary actors in the budgetary process and their factual performance.

The parliamentary budget authority developed along the lines of the formation of modern nation-states. The involvement of representative institutions in tax levying decisions and the spending of

[244]Different to national political system where usually more than 90 percent of the budget are predetermined by legislation.

[245] Although de facto, they are decided on the highest political level in the European Council.

[246]However, the high number of veto player in EU budgetary decisions does not entail an increased budget through side-payments as the budgetary literature on national budgets would suggest (i.a. Heller 1997). Instead, the increase of veto players lead to more constrained budgets, which can be explained by the fact that the nation-state still is the center of redistributive policies.

public money for the first time created a direct link between the citizens and the political system. Until today, the parliamentary budget authority still is a core parliamentary function and serves as an anchor point for the levying of taxes and representing citizens' interests in financial decisions. However, the modern parliamentary budget authority does not reflect an instrument of strict governmental control. Today's parliamentary budget authority is not an "overarching instrument of power". Parliaments are no budget-making institutions any longer but rather dispose of an important *symbolic function* to perform a parliamentary control of governmental programs which is highly visible to the public. The parliamentary budget authority is of **prime importance to the** *legitimation of a political system which is exerted by parliaments through their communicative function, their oversight and political influence*. With regard to the European Union, the parliamentary budget authority has been characterized as a "divided budget authority", since revenue and expenditure strands of the EU budget dispose of different channels of parliamentary legitimation.

While the expenditure strand of the EU budget needs the consent of the supranational parliamentary body the Own Resources Decision, the revenue pillar is ratified by national parliaments in order to come into effect. Given the budgetary autonomy of the Bundestag, those financially relevant parts that have direct budgetary consequences need to be legitimated. In this respect, national parliaments have an ex post ratification power, which certainly is less direct than the vote of consent inside the EP. The European Parliament with the Lisbon Treaty gained full amendment powers regarding the MFFR and needs to consent the MFF Regulation – a veto power which is however shared with the 28 member states who equally have a veto position inside the Council. Furthermore the MFFR is subject to a special legislative procedure leaving the European Parliament less space to negotiate compared to the Ordinary Legislative Procedure. Although the constraint of an ex post ratification of national parliaments and the constrained legislative procedure within the EP, the formal chain of legitimation through parliaments nevertheless rests intact.

Furthermore, both parliamentary levels perform the task of legitimating the EU budget in terms of communication, oversight and policy influence. The effect parliaments may have on budgetary decisions depends on various institutional factors. These include i.a. the formal institutional framework, the sequencing of budgetary procedures, the role and the number of political parties whose interests have to be satisfied through budgetary decisions and the broader interests of the legislature and its consensus orientation (i.a. Lienert 2013a, pp. 116–117).

In terms of the institutional set-up, the modern budget authority – i.a. because of the rise of intermediary structures and the institutionalization of the welfare state– transformed from a tool of strict governmental control to a procedure for a joint redistribution of welfare exercised by the government and the parliament. In that respect, the modern parliamentary budget authority should generally not be perceived as powerful as commonly claimed. Despite parliaments still having the final consent on a public budget, their factual influence is confined.

This constraint of the parliamentary budget authority is equally mirrored in the European Union. First, the revenue and expenditure strands are sequenced between parliamentary levels and therefore do not enable a holistic budgetary oversight. Furthermore, parliamentary actors are only one veto player among many others. While the European Parliament has the full power of amendment to the MFFR, to which it has to give its consent before the Council is able to vote upon the Regulation, national parliaments only have an ex post ratification function. Different to national procedures, there is no sense of joint welfare distribution due to the institutional set-up of

the European Union. While the European Commission is not formally entangled with the European Parliament, national parliaments may only join the negotiation position of their national government without being able to substantially incentivize the final outcomes of negotiations. Therefore, the lack of a holistic budgetary oversight in the EU budgetary policy cycle is even more distinct than in national budgetary processes – to the detriment of parliamentary oversight and influence.

In terms of the institutional set-up of the EU budgetary debate *inside* parliaments during the MFF negotiations, a multitude of bodies were assigned to the dossier. Both the EP and the Bundestag were fragmented in terms of committee influence. Inside the European Parliament (party-)political leadership and the strategic approach to the MFF negotiations were focused on the contact group which was initiated and chaired by the EP President and took the budgetary debate away from the leading budget committee. Furthermore, the setting up of the SURE committee to bundle the budgetary debate in the EP took the focus of budgetary coordination away from the budget committee. However, the budget committee was in charge of the budget negotiations once the MFF draft was presented. Inside the Bundestag, the line of conflict was between the European affairs committee which was formally leading the budgetary debate and the budget and finance committees. The latter two representing particular prestigious committees that gained even more importance on EU financial affairs during the financial crisis in the Eurozone. While the EAC not only disposed of less prestige inside the Bundestag it has also been ill-equipped to deal with technical budgetary questions. At the same time, however, the budget committee did not regard the EU budget as fitting its own working structure which is organized along the specific structure of the German budget.[247] The major line of conflict between the committees was discordance on what perspective would prevail to set the direction for EU budgetary policies and who would be eligible to decide on these affairs inside the Bundestag.

Regarding the temporal perspective of the budgetary process, the agenda-setting phase has to be considered of particular importance to parliamentary actors in order to influence the final shape of the budget. At this point inside the policy cycle the big lines of the budget are being set. In the EU budgetary process this informal influence has been only modestly used by parliamentary bodies: The European Parliament's SURE committee presented its final report only weeks before the Commission published its draft budget. The party groups inside the German Bundestag did not specifically use their ex ante influence during the agenda-setting phase neither did party conventions debate this issue in order to set the party political lines for the EU budget. While the majority parties relied on their government to voice their position, opposition parties did not actively invoke the matter until the draft budget was formally sent to the Bundestag, getting its oversight started. While an interparliamentary committee meeting, held in June 2010 in Brussels[248], had the opportunity to set the direction of a more intensive parliamentary debate on budgetary matters, its results were rather weak and insignificant. Furthermore, the temporal sequencing of the budgetary negotiations during the formulation phase were also contributing to a weaker parliamentary oversight as the parliamentary bodies were involved in the budgetary process at different times in the policy cycle.

[247] The so-called "Einzelpläne" which mirror the budget of every German ministry and its programs.

[248]Entitled: "How to create greater synergy between the European budget and national budgets", see chapter 8.4.1.

Nevertheless, parliamentary bodies have perceived budgetary oversight as a particularly important exercise, despite the formal sequencing of the parliamentary budget authority between national and supranational parliamentary actors. This division has not been taken into account inside parliamentary bodies since the Bundestag and the European Parliament treated both questions of revenue and expenditure notwithstanding their formally allocated tasks. While the Bundestag did so in the context of its oversight function of the German government, the European Parliament equally regarded the question of own resources as one of its core interests and therefore put particularly emphasis on the matter. The EP regarded the right for taxation in this context as a core parliamentary principle. The three claims that were used most in the overall budgetary debate were the size of the budget, political priorities and own resources. They make reference both towards the revenue and the expenditure side of the budget, thus underlining that the parliamentary actors did not perceive their role as being restricted to one budgetary channel as it is formally assigned to them by the Treaties.

In this respect, the *public debate and perception of parliamentary actors* regarding the EU budget is of particular importance. Parliaments are core institutions to publicly debate, justify and thus communicate budgetary decisions to the electorate. Although the formal parliamentary budget authority might be more restricted in terms of the parliamentary policy-making function than in the 19th century, its symbolic value is particularly high which is among others reflected by the budget committee being the most prestigious inside parliamentary institutions. In terms of the perception of the parliamentary budget authority during the MFF 2014-2020 negotiations, the European Parliament and national parliaments shared similar perceptions of the budgetary process as a major parliamentary task. Parliamentarians in both institutions working on the dossier underlined the general importance of EU budgetary affairs in their work. Even though the parliamentarians who were actively involved in the budgetary dossier attached great importance to the EU budget, there has been a distinct divergence in terms of prestige attached to the dossier between the EU and the national parliamentary sphere.

Inside the European Parliament a special committee, SURE, has been set up to determine the parliamentary position of the formal budget negotiations in advance. Furthermore, among the leading figures of the budgetary debate were not only long-standing and experienced members of the budget committee but also EP President Martin Schulz who set up a contact group and participated in the budgetary debate from the outset. Inside the Bundestag the dossier was of great importance for of the European affairs committee in particular, also because the EU budget is one of the few policy dossiers which is leadingly discussed in the EAC. In the more influential budget committee, which also followed the debates, the EU budget was not of an overarching importance, although members of the budget committee debated the issue, too. In terms of personnel, the MdBs involved in the EU budgetary process rather disposed of EU expertise than of budgetary expertise. The respective party executives inside the Bundestag did not openly join the budgetary debate, leaving the deliberations to the EU and budgetary experts in the Bundestag. The importance inside the Bundestag therefore rather followed other classical EU dossiers.

The *broader interest structure* inside parliamentary bodies has been quite similar with respect to the budgetary debate: Both cohesion and agricultural interests played an important role in the European Parliament and the Bundestag. In the European Parliament this led to conflicts between the budget committee which aimed for a reorganization of the EU budget towards future-oriented policy areas and for containing the budget's size in shifting funds between the MFF's headings. In

the Bundestag, next to the spending committees' interests, interests were split between the budget committee and the European affairs committee. While the former advocated for a "small" budget, the EAC's prime interest was to contribute to a more "future-oriented" budget and to focus less on the big spending blocs like agriculture. From this perspective, the interests among the distinct committees – while taking into account that the Bundestag disposed of an additional institutional configuration – were by and large similar.

Although both parliamentary bodies were characterized by similarities in terms of the overarching interest structures inside their institutions, there are no formal linkages between the parliamentary positions. The SURE report and the EP resolutions on the Multiannual Financial Framework have not been debated in the European affairs committee and vice-versa. Also MEPs – when participating in meetings of the EAC – did not aim at fostering a debate on the EP's position. The institutional exchange between parliamentary levels remained limited. With regard to the party-political level of cooperation between the parliamentary levels, coordination was sought in order to gain information from the respective other parliamentary level. Budgetary coordination between parliamentary levels by and large followed a rational motivation. The goal was to enable a better position on their respective governmental level in order to better hold their government to account through the additional information received by parliamentary coordination.

Party politics in this respect played a role in the budgetary coordination. While the Bundestag mostly followed the classical government-opposition divide on the party-political level, the European Parliament – through the contact group set up by EP President Schulz – aimed at fostering a more overarching party-political approach to the budget. This was clearly underlined in the endgame of the negotiations where a political deal was struck. While the early phase of the budgetary process inside the European Parliament was a consensus oriented "bottom-up" approach, the final phase was characterized by clear hierarchies centered on the EP President and the chair of the budget committee in a "top-down" approach. Although party politics prevailed in the coordination of the budget, there was overall agreement in the Bundestag on not increasing the budget and not introducing a genuine European tax between the party groups. Clear contrasts were publicly represented, also because of the heated debate on budgetary issues in the context of the Eurocrisis and the coincidence of the final debates on the EU budget and the heyday of the German electoral campaign for the federal elections in 2013. From this perspective party politics clearly played a role in both parliamentary institutions and influenced the respective positioning such as the EPP's stance on the size of the budget or the public framing of the Green party groups underlined. However, party political coordination mostly took place on a horizontal level on the national or European level only.

To conclude, parliaments were only modestly able to "make a difference" (Marschall 2005a) in the EU budgetary process. The policy influence of the *European Parliament* can be overall described as limited, which is mostly due to the procedural constraints regarding the sequencing of the negotiations where the European Parliament was only included at a time when the overall budgetary framework was already set in stone. Since there is no direct link between the EU-Commission and the European Parliament, the institutionalized connection between government and parliament – as it is the case in national parliamentary democracies – is mostly lacking. At the same time the EP is not in the same position as legislatures in presidential systems like the US Congress that exercises a strong budgetary oversight. The European Parliament therefore rather resembles the proceedings within the early national parliaments that linked other policy areas with

their budgetary powers in order to strengthen their legislative capacities. During the MFF 2014-2020 negotiations, the EP linked the MFFR debate with other budgetary issues to further its overall position in the EU budgetary process. In this respect the EU budget can be regarded as a tool of nation-building that the EP used actively in the budgetary negotiations in order to expand its position in the EU political system. Altogether the European Parliament suffered not only from the budgetary and the institutional complexity of steering the budgetary process inside many fora of coordination. It was also strongly exposed to the asymmetries between "political" and "technical" budget negotiations of the Council and Commission experts and the elected parliamentary representatives of the European Parliament.

The *Bundestag* did not assume a policy shaping function in its occupation with the EU budget on the national political level either. First of all, the work of the Bundestag at that time was heavily influenced by dealing with the Eurocrisis, mostly in the budget and finance committee (Kietz 2013, pp. 16–17). This was leading to less resources available to the scrutiny of the EU budgetary legislative acts. Furthermore, the Eurocrisis had a particular strong influence on the budgetary debate inside the Bundestag which has been strongly influenced by notions of "sound public finances" and "austerity" and therefore shaped to overall debate inside the Bundestag towards the EU budget. Inside the Bundestag's party groups two budgetary visions were dominant: One was centered around the importance of contributing to an overall European added value with the help of the EU budget, the exact shape of this added value to being determined according to party-political readings. The second budgetary vision highlighted the importance of contributing to "sound public finances", in the sense of regarding the current economic circumstances it would only be reasonable to lower the national contributions to the EU budget. Both visions were shared above party lines and were not strictly mutually exclusive.

The EU parliamentary budget authority has been attested a strong *asymmetry between parliamentary and executive actors*. The European Parliament and the German Bundestag were even less directly embedded in the budgetary process compared to national proceedings. While the Bundestag had to follow the indirect information provided by the German government or the EU Commission, the European Parliament was only included at a late stage in the process not being able to fully exchange and gain information on the nature of negotiations during the Council phase. This asymmetry was further deepened since the Council, different to the EP, disposed of the means and technical expertise of its respective national ministries. An expertise the EP did not have in a comparable manner, further shifting the information asymmetry towards executive actors. This asymmetry became more significant because the parliamentary budget authority is divided between two parliamentary bodies. Compared to national political systems the leeway of budgetary oversight and influence of parliamentary actors is further restricted in the EU political system due to its particular multi-level structure, where the formal oversight of parliamentary bodies is divided between the revenue and the expenditure side of the budget and where procedural constraints are endogenous to the budgetary process. In summary: while the parliamentary budget authority has been formally upheld in the EU budgetary process, parliamentary influence and oversight has been nevertheless practically impeded due to the structures of the EU multi-level system.

10.2 Representative Interests in the Parliamentary Budgetary Process

The European Union's political system is characterized by a distinct ambiguity of representation as it is based both on the formal equality of states (territorial representation) and on equality of citizens (electoral representation). The territorial and electoral dimensions of representation equally stand for diverging visions of representation inside the European political system: On the one hand, territorial representation alludes to the intergovernmental principle of the equality of states, while the electoral principle on the other hand stands for a electoral competition of representatives on a party political level. Both strands co-exist in the EU political system and point to two different visions on the finalité of the Union – a European "Staatenverbund" versus a genuine representative democracy.

Parliamentary representation in the EU is both centered on the national and the supranational level of government, displaying two channels of parliamentary representation. These two channels are equal parliamentary institutions that do not relate to each other in a distinct hierarchy. With the latest Treaty change, both parliamentary levels were formally included in the EU political architecture with the aim to overall strengthen parliamentary oversight and influence in the European Union. The non-hierarchy in terms of the position of parliamentary bodies within the EU's political system equally reflects the unfinished nature of European integration: Both national and supranational parliamentary actors play a functional role in the political process reflecting the two-faced nature of EU integration being a system of "dual legitimation" (Calliess, Beichelt 2015, p. 61). In the EU parliamentary system there is therefore no clear path of representation. National parliaments and European Parliament coexist without a distinct institutional hierarchy. They perform different functions at different phases of the policy process. Due to formally shared competencies and complementary roles played in the EU political process, the exchange and interrelation between parliamentary bodies gains importance in order to effectively control executive actors and to influence and debate policies.

It has been demonstrated that parliamentary representation disposes of both distinct territorial and electoral interests. The ambiguity between electoral and territorial representative interests is not only valid with respect to the overall functioning of the European Union's political system and between the institutions that clearly reflect electoral (EP) or territorial (Council) interests, but also with regard to the parliamentary dimension of representation itself.

In terms of representation, *territorial interests* are important for the European Parliament as well as for national parliaments as both institutions aim to preserve and further their position in the EU political system. They have certain interests which are influenced by their respective positions. In this context, national parliaments – due to the close links between parliamentary majority and the government in parliamentary political systems – are generally prone to support their government's territorial interests inside the (European) Council (Abels 2013; Auel et al. 2015b; Calliess, Beichelt 2015, p. 30). The European Parliament equally disposes of rather strong territorial interests with regard to the supranational level, as it has perpetually sought a strengthening of its own position inside the European political architecture (Bache et al. 2011; Hix et al. 2007; Rittberger 2005).

Beyond that parliamentary actors are inherently linked through their national party systems in terms of *electoral interests*. This does not only relate to the institutional components that MEPs need to be selected through their national parties and that elections for the European Parliament are held through national procedures, but it also entails overlapping career structures, social

recruitments and party-political cleavages of parliamentary actors. National and supranational parliamentary actors are organizationally rooted in the same party families. Their common political roots not only lead to a formal anchorage of parliamentary actors in the respective nation states but also to joint political positions and channels of communication. Therefore, the electoral principle of parliamentary representation which inhibits a distinct party political element may serve as a uniting bond between parliamentary levels as they unite party families in a competition on electoral cleavages. Territorial interests, however, may diverge between the supranational and the national political levels due to diverging institutional interests.

The analysis of parliamentary strategies and practices (coordination of representation) and the cleavages and coalitions in the public debate (external representation) shows that both *territorial and electoral interests were integral parts of the EU budgetary debate*. Representative work in the EU budget is not only related to distinct political goals with a price tag (Wildavsky 1988, p. 2) but also focuses on questions on the EU's institutional architecture and its political finality in terms of bigger territorial questions. Among the territorial interests put forward is the debate around the own resources system which has a direct impact both on the national and supranational parliamentary levels, the budgetary structure, and also the size of the budget as being closely related to the question of own resources. Electoral interests pursued by parliamentary representatives were the classical political priorities such as the question of growth policies, the fight against unemployment, the support of agricultural subsidies or the process of making the European economy greener.

In terms of the balance between territorial and electoral representative interests, the *territorial dimension of representation is more prevalent in the budgetary process compared to the electoral dimension*. The internal coordination of representative actors in the MFF 2014-2020 largely centered on the respective parliamentary level, underlining the perception of parliamentary actors to focus on their respective territorial interests in the budgetary process. The analysis of the internal coordination of representation equally underlined that both the European Parliament and German Bundestag were not particularly interested in a joint coordination through a party-political channel. Parliamentary actors in both institutions – apart from the Green parliamentary groups – considered the respective parliamentary positions as too far away from each other for a meaningful cooperation. The cooperation therefore focused on a rational motivation to gain more information on the budgetary process rather than on coordinating positions in a joint party-political approach. In public, the territorial dimension of representation has been particularly dominant inside the national and supranational parliamentary bodies. It underlined the diverging perceptions between the national and supranational parliamentary levels on the question of how the EU budget should be structured and what institutional reforms should be undertaken. While parliamentary actors perceived similar budgetary questions as important, their positions towards these claims accentuated diverging interests that differed on the national and supranational parliamentary level. The external dimension of representation therefore underlined the importance of territorial interests in the budgetary debate. However, it showed that party-political electoral interests were by and large similar between parliamentary groups on the respective governmental levels – although these distinct political priorities, the question towards which budgetary programs the EU budget should be oriented to, was of less importance than the institutional questions cited above.

In terms of the overarching territorial interests, both parliamentary bodies were united in the perception of the budget as a core question of their parliamentary sovereignty. However, both institutions had different emphases: While the European Parliament focused more on institutional

questions related to the EU budget, the Bundestag underlined its broader political direction. The EP's focus on institutional questions included long-term budgetary interests that would strengthen the EP's influence in the budgetary process such as linking the annual budgetary procedure to the MFF negotiations. It also aimed at amending the structure of the MFF in order to give the European Parliament a greater say on political programs, which has been expressed i.a. by the claim for an increase of the budget size and the demand to increase flexibility between budgetary headings. Also, the EP wanted to strengthen the supranational budget authority against member states' interests. The Bundestag's interests rather focused on the political direction of the EU budget, both in the internal coordination and the public debate. The budgetary debate was centered around the question of European integration more generally and its value for Germany. Especially in the context of the Eurocrisis and the economic adjustments made in this context, the EU budget was regarded as an anchor to the bigger question on what importance the European integration has in the German political system. The size of the budget was discussed in close connection to the economic adjustments EU member states – not necessarily Germany – had to make in the wake of the Eurocrisis. The own resources system was first and foremost discussed under the auspices of the German sovereignty to taxation and the political demand that the German budgetary sovereignty should not be touched. The overarching unity on the importance of the budget to parliamentary sovereignty consequently led to diverging territorial interests from the parliamentary institutions in their budgetary procedures. Behind similar claims on the institutional demands for the EU budget and the importance of parliamentary influence stood deeper political and institutional debates inside the Bundestag and the European Parliament.

Earlier, it has been assumed that the territorial and electoral interests of representation are characterized by diverging structures of competition and cooperation between the parliamentary levels. While competition takes place between representative actors and parties to present a more or less consistent picture to the electorate who competes for the electorate's votes, structures of cooperation equally prevail inside the political system within parties as intermediate institutions and between the parliamentary majority and the government for the ability to govern.

Reflecting on this assumption, it can be conceded that the budgetary process was *particularly dominated by the perception of competition*. However, this competition did not predominantly take place between parties but between the parliamentary levels due to diverging territorial interests. Institutional questions on the long-term shape of the EU budget and the parliamentary budget authority were particularly prevalent. On the institutional level, there were sentiments of competition between the national and the supranational parliamentary bodies. Uneasiness prevailed due to an anxiety regarding a possible loss of power and sovereignty of the respective parliamentary level. On the individual level of parliamentarians, however, also modes of cooperation on the party political level and beyond parties was present. An increase of direct contacts between MPs and MEPs on the party-political and policy level are regarded as an additional layer of information and of mutual interest. Therefore the respective other parliamentary level has been regarded as a useful extension of parliamentary information.

Both parliamentary institutions, in terms of representative interests, where inherently linked through a joint perception that used the parliamentary sovereignty in budgetary matters as an underlying motive in the budgetary debate. While the EP debated on who is the legitimate budget authority in a political system – which from the position of the EP could only be the directly elected EP and not the Council – the Bundestag replied accentuating the authority to taxation as a core

function of the Bundestag. Therefore both parliamentary actors focused on the budget authority as being a core function of parliamentary bodies. This equally entails the focus on the respective parliamentary level's sovereignty being strongly impeded on the potential to coordinate the budgetary process.

It therefore underlined the principal divergences of the perception of the budgetary system from the parliamentary actors: While the predominantly national discourse coalition justified their position towards the EU budget in terms of lowering the size of the budget and rejecting reforms on their own resources systems as a financial reaction to the economic and political context, the second coalition framed the EU budget as a tool to exit this crisis. At the bottom of this lies the question how the EU budget should be positioned in the political architecture of the European Union. Therefore, while all representative actors framed the budgetary debate in light of the economic crisis, the idea of how this should be approached was very different.

Representative interests were thus strongly rooted in the territorial nature of representation, and while a dissemination of information has been certainly regarded as useful in order to contribute to a better scrutiny of the respective governmental level, a party-political coordination has not been considered by the parliamentary actors – both on the EU and the national level.

This unfinished nature of the EU's representative system is equally mirrored in the *representative functions of parliamentary actors in the EU policy process*: On the one hand, the European Parliament, although having arrived in a powerful institutional position within the EU political system, is still not a fully-fledged parliament due to a lack of core representative functions directed to the electorate. The parliament's weakness in direct communication with the electorate can be attributed to the fact that the EP's representation is directed at the general public sphere and its electorate. However, it is also directed to the MEPs' respective national parties in order to increase their chances of reelection on the candidacy lists and to communicate that the national parties' positions are equally reflected inside the EP. Therefore the MEPs representative focus is torn between their electorate, strengthening the EP as an institution and being present and valued on the national political level inside the MEP's respective party. Therefore, although representation is generally and principally linked to a given territory, the Members of the European Parliament are characterized by more than just one representative identity.

National parliaments in terms of their representative orientation are genuinely focused on their respective national party, public and electorate. They are set to control their national government and to provide a "generalized trust" between the majority parties and the government. The communicative function of national parliaments is affected within the context of EU affairs because of the interest structure of national parliamentarians where EU affairs are often not perceived as a "winning topic" and enjoy less media attention. In that respect, there are rather few genuine incentives for national parliamentarians to become involved on the EU level if there is no actual national added value.

Therefore, while the EP is stronger in representing both its own territorial interests and the national party-political views within the debate, the Bundestag represents its own party-political stances together with a territorial interest of supporting the German government (at least with respect to the majority parties). Both parliamentary levels, however, highlight the importance of the legitimizing representative function of parliaments in the EU budgetary process. Budgetary

representation therefore gives parliaments the opportunity to define each parliament's own institutional position inside the EU multi-level political system.

The ambiguity between territorial and electoral interests and the priority for territorial interests in the EU budgetary process underlines that the respective national/supranational affiliation of parliamentary representatives still trumps party-political considerations. Regarding the EU budget, this underlines that divergences became apparent between national and supranational parliaments with regard to the broader questions of budgetary legitimacy, while the wish for certain expenditures was expressed according to the respective electorate and the political ideologies the parliamentary representatives were elected for. The crucial question is what position the EU budget should have in the financial and political architecture of the European Union. A question that has been answered by the parliamentary levels in different ways. In that respect, parties as intermediate structures that bind parliamentary representatives towards each other do not have enough binding character to go beyond mere policy questions towards the deep, polity-related interests.

10.3 Outlook and Recommendations

In the following, an assessment and outlook shall be given. The recommendations address two fields: On the one hand an assessment of the academic literature and further potential strands of research which were opened in this study. On the other hand, recommendations directed to the political sphere to enhance the governance of the budgetary process in order to strengthen the position of parliamentary actors therein.

10.3.1 Assessment and Outlook on Research

Research on political representation

Representation is an important theoretical perspective to take a closer look at the position of parliamentary actors – not only in the relation to their electorate but also within the political system. It is a very broad concept that applies to a multitude of relations – from voluntary association to political parties and governments. In its openness, the concept is valuable for European studies as it is able to capture a broad picture of the EU multi-level system and its different streams of representation and representative interests. In this respect, especially the divergences of representative interests, such as electoral and territorial interests, are of interest. They enable the researcher to take a closer look at the ideas and the perceptions of actors of representation. As this work has shown, however, representative interests should not be defined in the context of the formal-legal position of the respective representative institution but should rather – following the social-constructivist reading of representation – look inside the institutions and their actors' interests. The finding of this work that i.a. the European Parliament next to its classical, formal-legal electoral representative interests as parliamentary institution also pursued clear-cut territorial interests is of importance and might be an avenue for further research also for other representative institutions and their position in the EU multi-level system.

In this respect the approach of Hanna Pitkin which takes a distinct focus on communication and language in its classification of different types of representation proved to be an important conceptual foundation although her research dates back to the 1960s. The social-constructivist notion representation of "what's going on in representation" nicely complements Pitkin's representative types, especially on the level of symbolic representation. Therefore the more recent

social constructivist enlargements of the concept of representation and representative studies in the European Union however proved as fruitful expansion of the concept of representation.

From this follows that the analysis of representative interests on the actor- and party group-level might be of interest to further research as it is of importance to regard representative interests as individual rather than being endogenous to particular representative institutions. In terms of representative research this may lead to a more concise picture of representation in the European Union and the multitude of diverging interests associated with politics in the EU multi-level system for which a social-constructivist reading proved an important enlargement of representation and proves potential for further research.

EU parliamentary studies

The budget as policy field is a prime example why a genuine multi-level perspective is needed in order to make sense of the EU political process from a parliamentary perspective. Not only as it is the oldest and most prestigious parliamentary function, but also since it is a core field to communicate the priorities taken within a political system to the society and the electorate. In this respect it is of importance to include both the perspective of the European Parliament – as core budgetary institution on the EU level – and that of national parliaments in this perspective. Legitimacy and trust in the European Union will only rise if parliamentary actors on both levels of governance will be acknowledged as key driving belts to create legitimacy and public debate within a society. Although my study was limited to budgetary policy-making, there are other fields where there is an intersection between national and European parliamentary institutions in policy areas where the EU level has limited capabilities while being heatedly debated at the national level. Be it defence policies, social policies as policy areas where a stronger European cooperation is intensively debated and provides precise added value while the national parliamentary level stil holds important policy-making powers.

The special focus of this work on communication and the self-perception of parliamentary actors has proved meaningful. Not only the formal-legal analysis but also this broader perspective on how parliamentary actors situate themselves – both through the coordination of their work and manifest speech-acts – is important. This holds especially in the field of parliamentary research where communication – both inside a political system and towards the broader public and electorate – are important determinants of the success of parliamentary work. These communicative and more informal pattern of competition and cooperation shed light on the differences and similarities between parliamentary actors within and between governmental levels on a party-political and individual level rather than from an overall institutional perspective.

Finally, it is important for further EU parliamentary research to take a closer look at parties and the political cleavages attached. A dimension which has proven important to better understand the major sticking points of the budgetary debate between governmental levels. Parliamentary research in the European Union should be less institutional and put more emphasis on party-political cleavages and developments related to similarities and divergences on this level – also as what regards the influence of the Council and member state governments therein.

Budgetary research

The EU's Multi-annual Financial Framework has been an important case for a genuine multi-level analysis of parliamentary budgeting in the European Union. Until today, research on and around the EU budget is still strongly centered on either institutional debates, policy-driven approaches

around the MFF debate and classical economic analyses of budgetary balances and priorities. Therefore it has been of particular importance to take a closer look at the budgetary functions of parliaments. In this respect taking an actor-centered, multi-level perspective on both national and European parliamentary levels proved to be valuable to further a better understanding of the analysis of parliamentary budgeting in the European Union. As the EU budget – like any other budget – most generally stands for a redistribution of wealth inside a political system, it is important to embed the broader (party-)political debate on the priorities and focuses of parliamentary actors in the EU budget.

In the upcoming debate on how to reform the Multiannual Financial Framework, it is the desire of this work to underline the importance of parliamentary actors inside this debate, not only to transfer the positions of their respective electorate int the political system but also to serve as a communicative instance which deliberates publicly on the priorities to be attached to the EU budget. In this respect having a focus on parliamentary actors in the multi-level EU budgetary process enables researcher to establish a closer link on the multitude of representative interests which are present in the EU political system and its societies.

10.3.2 Recommendations for an Effective Parliamentary Budget Authority

EU budgetary negotiations are a highly contested matter and all major participants in this process concede that reforms of budgetary policy-making are necessary. This is not only due to institutional and structural problems related to the budgetary process but also towards the political programs supported by the EU budget which, by many budgetary actors, are perceived as fulfilling its constitutional aim of mirroring the EU's political priorities to only a limited extent. Questions of the budgetary structure and financial priorities in the EU budget are also a question of parliamentary influence, oversight and legitimacy. Consequently, a reform of the EU budgetary system is highlighted both in the European Parliament and in the Bundestag. The EP in this respect particularly underlines its lack of a parliamentary right of taxation: "The European Parliament is the only parliament who has a say on the expenditures side but not on the revenues side; therefore emphasizes the crucial need for a democratic reform of EU resources" (European Parliament 2011b, p. 39). Inside the Bundestag, a reform of the own resources system is equally demanded, however, due to the anchorage of the EU's own resources in the national parliamentary realm, the Bundestag's party groups do not dispose of a coherent picture of how this system should evolve (Deutscher Bundestag 2015a).

Both in the EP and the BT do not perceive the division of the budget authority; both expenditure side and revenue side were regarded as interconnected parliamentary tasks of the respective parliamentary level. It would now be easy to claim that the parliamentary budget authority should be unified over one parliamentary institution in order to alleviate the related problems of complexity, coordination and the diverging channels of representation. However, at the moment there is no immediate reason to believe that the principal balance between the intergovernmental and the supranational representative structures, upon which the European Union is founded, is about to tilt to the one or the other side. As there is no clear telos on the development of representative interests in terms of the broader set-up of the EU political system, representation in the near future will remain a balancing act between territorial and electoral interests. Given the weaknesses of the European Parliament in the EU policy cycle, the inclusion of national

parliaments might bring about a possible "relais function" of parliamentary representation. Since NPs do not only play a key role in controlling their governments, their communicative position also enables a closer relation towards the citizens in the national arena in terms of a justification of political positions and to legitimize European political decisions (Crum, Fossum 2013, p. 2).[249]

The present configuration, although imperfect and subject to parliamentary institutions being played off against each other, nevertheless enables both strands of representative subjectivities being present inside the budgetary process. As long as there is no clear political decision towards the overarching finalité of the European Union, the interlocking of parliamentary representative institutions will be upheld. Nevertheless, parliamentary oversight and influence on budgetary policies deserves a strengthening which is why some paths of reform of the current systems are proposed in the following and relate to the parliamentary coordination and the temporal sequencing of the budgetary process.

Parliamentary coordination

Parliamentary actors have formal tools to perform oversight on budgetary policies. These are, however, impeded on by the fact that the revenue and expenditure decisions are scrutinized on different parliamentary levels. Therefore, it is precisely the lack of coordination between parliamentary levels to be tackled in the EU budgetary system.

One significant remedy for this problem would be a further *institutionalization of parliamentary coordination* between the parliamentary levels with a distinct focus on the party-political channel of coordination. While there were three conferences bringing together national and supranational parliamentary actors regarding the EU budget, the outcomes of this exchange have been vague and have not been regarded as important from the parliamentary actors' side. These conferences often reinforce the national versus supranational positions. As only a limited number of national MPs participate in these conferences, they tend to further their overall national positions on budgetary politics. Instead, the party-political channel should be strengthened in reinforcing an early and meaningful exchange of party groups on the budget. The interparliamentary conference on Art. 3 of the ESM underlined the inherent problems of coordination between national and supranational parliamentary levels. This could be alleviated through standing working groups of the respective party families on budgetary issues which would strengthen the party-political coordination of these issues. Indeed, there might still be the core institutional divergences that have been highlighted above but it would be an attempt to reinforce the similarities and foster a mutual understanding between parliamentary actors of the same political family.

A further strengthening of the parliamentary coordination concerns the ability of parliamentary actors to *cope with budgetary complexity*. In the MFF negotiations, there was a striking difference between parliamentary and executive actors: While the Council experts aimed at conducting

[249] The extent towards which this "relais function" that is exercised by Nps however is still to be debated. Neyer argues that "the pooling of powers at the European level is not matched either by the new powers of national parliaments (…) or by the expansion of the authority of the European Parliament" Neyer 2014, p. 125. He answers to the weakness of EU representative institutions with a move towards a stronger role of national parliaments – for example in the EU constitutional process. Contrarily, Maurer criticizes the renationalization of parliamentary politics and argues that "Ziel und zugleich Grenze der nationalparlamentarischen Mitwirkung muss die Sicherung der (…) der Gestaltungsautonomie des EP sein" Maurer 2009, p. 58. Both researcher thus stand for diverging perceptions on role parliamentary bodies should play in the European Union and also – on a broader level – on what should be the focal points of EU democracy and legitimacy.

technical negotiations, their parliamentary counterparts aimed at a "political" deal without going too far into detail. This is a more general problem of elected representatives a different level compared to the technical experts from the Council secretariat or from national ministries. This imbalance further aggravated the asymmetry between the European Parliament and its executive counterparts. Parliamentary actors on both governmental levels have perceived the negotiations as a "monster of coordination" due to multitude of sectoral dossiers and spending programs attached to the horizontal negotiations. In this respect, parliamentary coordination has to cope with this budgetary complexity. While there were attempts to centralize and steer the budgetary debate through the contact group located at the EP President's office, there is certainly more coordination and also more resources needed for a meaningful parliamentary coordination. In this respect a more or less permanent structure of budgetary and sectoral experts should follow the agenda-setting and budget formulation phases. It should also be open to technical experts from national parliaments in order to exchange positions from early on in the process. This permanent structure from within parliamentary institutions would to some extent centralize the parliamentary debate while ensuring that there is not a multiplication of structures inside parliamentary institutions.

Temporal sequencing budgetary process

A second overarching factor that impeded on the parliamentary oversight and influence in budgetary matters is the temporal sequencing of budgetary policies. This relates to timing of parliamentary debate and influence inside the policy cycle. In the MFF 2014-2020 budget negotiations, both parliamentary levels did not use their agenda-setting function properly. While the issue was delayed due to internal quarrels inside the European Parliament, the Bundestag has not been particularly interested in such an ex-ante debate. Therefore, the member states governments were more successful in framing the budgetary debate from early on. Also, parliamentary actors were involved and debated on budgetary issues at different points of the policy cycle.

From this perspective it might be advisable to foster a *joint parliamentary debate* on budgetary priorities *before the budget is formally announced* and before each parliamentary institution has decided on their respective positions in the budgetary process. Such a pre-budget debate could give parliaments the chance to set priorities in the budgetary process which the EU Commission and national governments then would have to take into account. There was a similar attempt with the interparliamentary conference in 2010, however, its impact has been very limited. Such a joint parliamentary debate needs to be properly prepared and should address at least the political priorities parliamentary bodies deem important. It could complement the focus on member states' executives "with an equally strong voice of parliamentary representation" (Neyer 2014, p. 135) in setting the big lines of the budgetary debate. This already is the approach in some presidential political systems such as in Brazil, where the Congress has the right to set binding budgetary priorities before the government is able to present its draft budget.[250]

Through such an early deliberation, the party-political occupation with EU budgetary issues would be strengthened inside the respective parliamentary institutions and would enable and

[250]Although it has to be noted that the Brazilian political system is presidential with the Congress disposing of more autonomous powers than parliaments in parliamentary or semi-presidential systems. The Brazilian Congress debates every June on the "Budget Guidelines Law" where mandatory expenditure ceilings are set and the political priorities of the next year's budget formulated Lienert 2013a.

institutionalize parliamentary agenda-setting in the budgetary process. In the past MFF negotiations, it was mainly the member states executives that were able to play a strong agenda-setting function, while parliaments did not actively use this possibility. Given the fact that the first Commission draft sets the overall emphasis and direction of the EU budget, this agenda-setting is of particular importance.

Built upon the fact that parliamentary actors have similar positions in terms of the political priorities set with the budget while diverging on the bigger institutional structures, a further recommendation to the temporal sequencing of the budget negotiations would be to *introduce a two-stage budgetary process*. This is already the case in some EU member states, where the overarching revenue ceilings and the structure of the budget are decided first before setting the precise political priorities of the budget.[251] This sequencing would enable a parliamentary debate on both budgetary strands – revenue and expenditure – while concentrating first on the dire institutional questions and in a second step on the political priorities set within the institutional framework. Given the strong emphasis inside the Council on fixing very detailed budgetary plans with the MFF in order to counter the EP's influence in these matters, the participation of national parliaments together with the European Parliament would be paramount.

Parliamentary bodies are not the ideal institutions to being fully responsible for budgetary guidelines. However, they are the prime institutions to (publicly) legitimize budgetary decisions. Given the structure of the EU political system, national and supranational parliaments have the opportunity to coordinate and communicate their actions for finding a compromise which reflects joint political priorities from a national and supranational perspective. Different than representatives from the executive that represent 28 national positions. Therefore, parliamentary actors need to be more centrally embedded in the EU budgetary debate.

[251] For example in Sweden and in the Czech Republic.

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ANNEX I – INTERVIEW PARTNERS

Institution	Expert interviewed	Code used	Date of interview
German Bundestag	Member of Parliament, Greens	MdB/1	Berlin, 06.03.2015
German Bundestag	Member of Parliament, FDP	MdB/2	Berlin, 09.12.2014*
German Bundestag	Member of Parliament, CDU/CSU	MdB/3	Berlin, 21.03.2015**
German Bundestag	Member of Parliament, CDU/CSU	MdB/4	Berlin, 29.04.2014
German Bundestag	Head of Office, MdB, SPD	BT/1	Berlin, 25.09.2014*
German Bundestag	EU coordinator, CDU/CSU party group	BT/2	Berlin, 16.04.2015
German Bundestag	EU coordinator, SPD party group	BT/3	Berlin, 20.09.2014
European Parliament	Cabinet member, EP Secretary General	EP/1	Brussels, 23.07.2014
European Parliament	Member of Parliament, Greens	MEP/1	Brussels, 08.07.2014
European Parliament	Policy Officer, Green party group	EP/2	Brussels, 04.07.2014
European Parliament	Policy Officer, MEP, EPP	EP/3	Brussels, 17.06.2014
European Parliament	Directorate Budgetary Affairs, European Parliament	EP/4	Brussels, 17.06.2014
European Parliament	Member of Parliament, ALDE	MEP/2	Brussels, 16.06.2014
European Parliament	Member of Parliament, S&D	MEP/3	Brussels, 10.06.2014
European Parliament	Member of Parliament, GUE-NGL	MEP/4	Brussels, 21.05.2014
European Parliament	Policy Officer, S&D party group	EP/5	Brussels, 24.07.2014
European Commission	Member of Cabinet, Budget Commissioner	COM/1	Brussels, 17.06.2014
European Commission	Directorate-General for the Budget, European Commission	COM/2	Brussels, 13.06.2014
European Commission	Directorate-General for the Budget, European Commission	COM/3	Brussels, 10.06.2014
German Foreign Office	German Foreign Office	GER/1	Berlin, 24.04.2014
German Foreign Office	German Foreign Office	GER/2	Berlin, 17.09.2014
German Finance Ministry	Desk Officer, Ministry of Finance	GER/3	Brussels, 20.06.2014*
European Council	Member of Cabinet, President European Council	EuCo/1	Brussels, 03.07.2014
Council	General Secretariat, Council of the European Union	Council/1	Brussels, 10.07.2014
Council	General Secretariat, Council of the European Union	Council/2	Brussels, 10.07.2014

* The interview was conducted via telephone.

** The questionnaire was answered in writing.