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ABSTRACT

This report provides a comparative analysis which tests the analytical framework that was advanced in the bEUcitizen report 'Constraints imposed by financial markets on political choice in the EU' (Deliverable 8.1.), which focused on whether and how the meaningful exercise of European political citizenship has been constrained by financial market developments in the context of the euro crisis. The focus is on Austria, Finland, Ireland and Slovakia, which represent four smaller EU member states witnessing strong politicization around the issue of euro area crisis decision-making, notably the provision of financial assistance. The individual case studies demonstrate how each constituency responded to the challenge financial markets posed to decision-makers and how this and the multi-level and decentralized EU economic governance structure impacted on the meaningful exercise of core political rights. The report concludes that the euro crisis posed no threat to the formal validity of core citizenship rights. However, it is shown in relation to each country setting that the limitation of viable political alternatives in electoral competition, the influential role of executive actors and bureaucratic transnational European elites as well as secrecy practices and in some cases the lack of appropriate accountability structures restrict the meaningful exercise of European political citizenship.

1. Introduction

The aim of this report is to provide a comparative case study on the constraints financial markets imposed on political choice within the EU in the context of the latest economic and financial crisis. This report builds on the bEUcitizen report 'Constraints imposed by financial markets on political choice in the EU' (Deliverable 8.1.), which advanced an analytical framework to understand this phenomenon. The latter report conceptualizes political citizenship as access to political decision-making, which in turn is understood as the meaningful exercise of the right to vote, the right to participate, and the right to information. It is argued that financial market developments in connection with the particular multi-level framework of EU decision-making impacted negatively on the meaningful exercise of these rights and, thus, effectively constrained European political citizenship.

The latest economic and financial crisis posed a serious challenge to political decision-makers as financial markets reacted negatively to the deteriorating budgetary situation of several euro area member states and the breaking of European Union (EU) budget rules under the Stability and Growth Pact (SGP). Borrowing costs increased dramatically eventually leading to a fear of broader contagion within the euro area. Some euro area member states found themselves were unable or came very close to being unable to secure the refinancing of their debt. This scenario dramatically increased the pressure on decision-makers to come up with a coordinated euro area response. Member state representatives, notably the finance ministers and heads of state and government, were torn between the necessity to protect the euro area as a whole and to exercise European solidarity, on the one hand, and to respond to domestic political pressure, on the other hand. The bEUcitizen report 'Constraints imposed by financial markets on political choice in the EU' (Deliverable 8.1.) hypothesizes that the above-mentioned financial market developments and pressures do not automatically translate into political decisions at times of crisis but rather require some form of interpretation by decision-makers. More specifically, it was argued that transnational technocratic elites played a crucial role in interpreting financial market pressure in the context of the euro crisis. This technocratic elite was composed of officials of finance ministries, usually members of the EU's influential Economic and Financial Committee (EFC) and the Eurogroup Working Group (EWG), as well as central bank officials. These civil servants were pivotal in maintaining the day-to-day contacts between member states' finance ministries, the personal administrations of the heads of state and government, the European Commission, the European Central Bank (ECB) and national central banks throughout the euro crisis. Political decision-makers were exposed to market reactions but the decision when to intervene and how to react was mitigated by interpretations received from this transnational technocratic elite network.

Moreover, EU-level policy deliberations among finance ministers and between the heads of state and government played a pivotal role in political decision-making as these senior representatives of member state executives needed to find agreement on common European responses. These policy deliberations were prepared and supported by the same transnational technocratic elite network which is referred to above. The close connection between this technocratic network and top-level political decision-makers was constituted by the technicalities surrounding the analysis of financial market pressure and the identification of appropriate policy responses. In the context of the euro crisis these responses involved collective borrowing and financial assistance on the basis of tight conditionality, on the one hand, and intense politicization as corrective budgetary policy decisions had immediate repercussions for the livelihoods of citizens, on the other hand. Furthermore, as this report shows, technocratic elites and top-level political decision-makers were in a dominant position in relation to national parliaments, which had to consent to bailout decisions and to the implementation of institutional reforms, notably the reinforced budgetary policy coordination regime and the codification of budgetary rules in primary or secondary legislation. In particular the changed dynamics between the executive and legislative branches of government put considerable constraints on the actual exercise of the right to participate, the right to information and partially the right to vote, which together constitute core elements of political citizenship. As this report highlights with reference to country specific experiences, euro crisis decision-making provides no evidence for a formal elimination of these rights. Rather the study of individual decision-making episodes gives ground for a discussion on whether these rights could still be exercised in a meaningful way by EU citizens in relation to crisis decision-making. As far as the right to vote is concerned, its meaningful excercise would imply that competing voices were reflected in different party positions and that these constituted electoral alternatives for citizens. In a similar manner, the meaningful exercise of the right to participate is based on the assumption that national legislators, as representatives of citizens, can influence key political decisions. Finally, the right to information is considered to be meaningful inasmuch as access is not constrained through time, secrecy rules, or other constraints on the accessibility of information which cannot be overcome unilaterally by citizens and/or their elected representatives (see bEUcitizen report 'Constraints imposed by financial markets on political choice in the EU' (Deliverable 8.1.)).

The case studies in the current report test the analytical framework which was outlined in the report on 'Constraints imposed by financial markets on political choice in the EU' (Deliverable 8.1.). The following sections are structured as follows: first, the rationale is provided on case selection, both geographical and temporal in nature. This is followed by in-depth reviews of the nexus between technocratic elites, top-level representatives of national and EU executive institutions and parliamentary actors in Austria, Finland, Ireland and Slovakia. These reviews are based on personal interviews, document analysis and media resources. The report concludes with a summary of the findings, and policy implications.

2. Case selection and data collection

Given its focus on euro crisis management the report is built around a small-N comparative analysis that involves euro area member states only. The selection of four countries made the research feasible, yet, the methods used in the analysis could be repeated in a bigger comparative research which could add further insights to the framework in the future. All cases represent experiences from smaller EU member states, all of them are under-studied in the current literature. All country cases have in common that frequent reference was made to domestic decision-making in several European media. In none of these member states parliamentary approval was taken for granted. In each of them euro crisis management was strongly politicized and strongly contested, though partially for different reasons. As mentioned above, financial market developments triggered different pressure mechanisms, one originating at the European level which relied on the notion of European solidarity in guaranteeing the stability of the euro area as a whole. At the same time, the redistributive implications of European solidarity triggered political contestation within individual member states. This contestation implies that links between technocratic elites, lead executive actors and parliaments are traceable for researches.

The authors of this report initially also looked into a variety of other potential country cases but decided to use the current sample not least for reasons of accessibility of the involved decision-makers. Changes in government and administrative personnel as well as ongoing pre-occupation with crisis management represented the biggest obstacle to accessibility of a similar range of actors in other country settings. Yet, the current sample represents a good degree of diversity inasmuch as there are older (Ireland) and newer member states (Austria, Finland and Slovakia) from both the East and the West of the Union. Ireland became a program country during the crisis whereas the other member states were net contributors to the rescue funds, each of them witnessing political controversies about participation in the main financial assistance packages. The countries also represent different economic development levels as Charts 1-3 illustrate. The charts include data from 2008 through 2012 and also include Germany as a reference point.

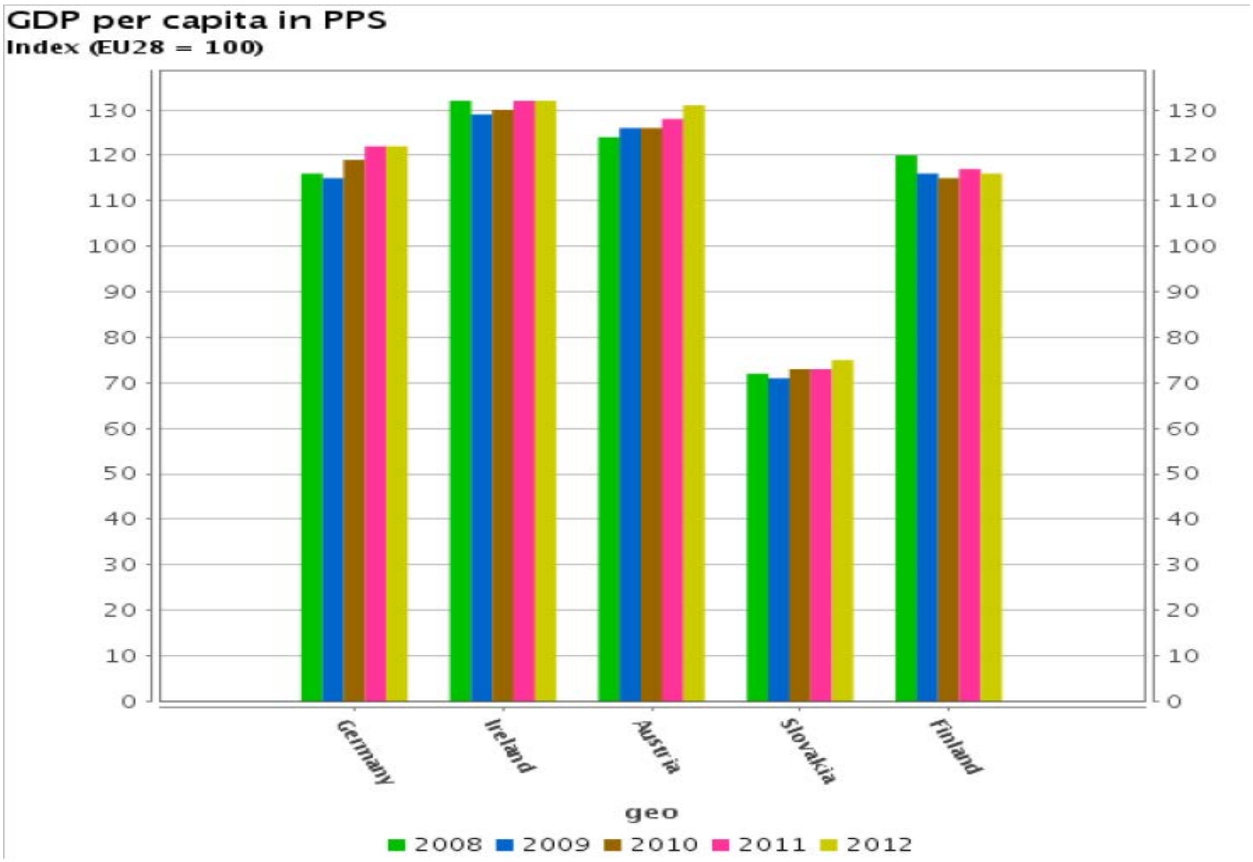

Chart 1. GDP levels in the selected countries (source: Eurostat, data extracted 12 January, 2016)

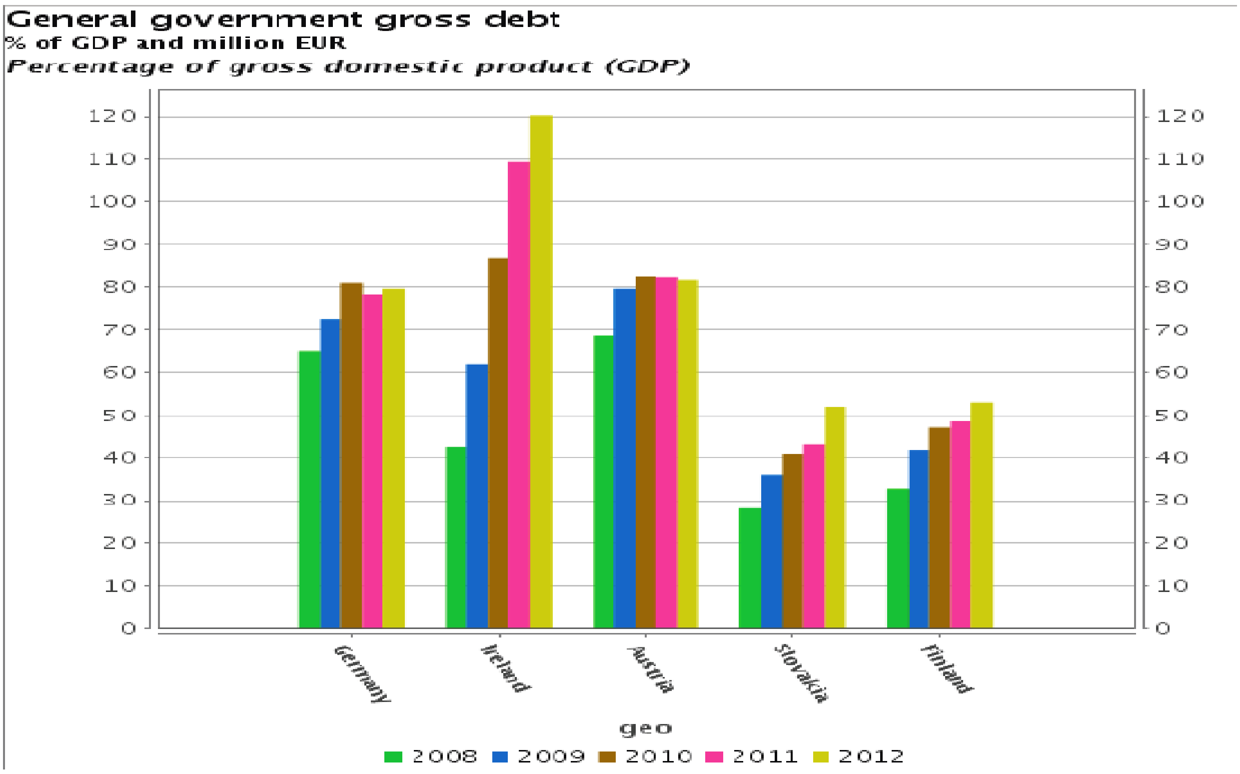

Chart 2. Public debt levels in the selected countries (source: Eurostat, data extracted 12 January, 2016)

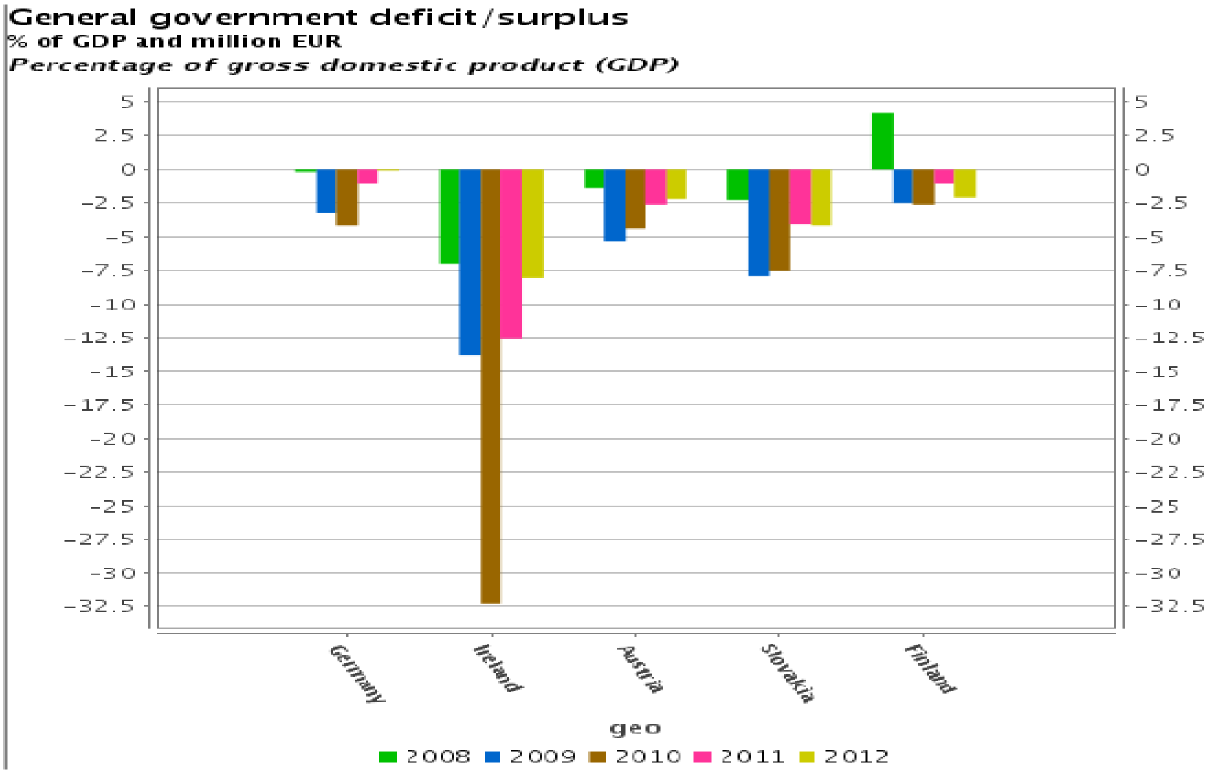

Chart 3. Government deficit levels in the selected countries (source: Eurostat, data extracted 12 January, 2016)

This report focuses on the period from 2010-2012 of crisis decision-making. This is the time when financial market reactions were most pronounced and when numerous immediate responses were decided upon. Next to decisions about financial assistance packages for individual euro area member states including Ireland, the EU and the euro area agreed on important institutional reforms during that time making independent decision-making at the domestic level even more difficult and, thus, having implications for the exercise of European political citizenship. A key feature of euro crisis management is that decisions had to be reached collectively at the EU-level. As highlighted in the bEUcitizen report on 'Constraints imposed by financial markets on political choice in the EU' (Deliverable 8.1.), EU economic governance is based on a decentralized multi-level decision-making system which is based on close intergovernmental policy coordination in the EU's lead forums for intergovernmental decision-making, notably the European Council and the Euro Summit, as its euro area offspring, as well as the Economic and Financial Affairs (ECOFIN) Council and the Eurogroup, as the coordination forums of finance ministers. Thus, the question of democratic control is decided mainly at the domestic level where parliaments can hold their governments who negotiate on behalf of the relevant country in the context of the above listed intergovernmental forums to account. Moreover, financial assistance decisions as much as the implementation of conditionality requirements made explicit authorization from parliaments necessary in most cases. Yet, there is variation in how far individual parliaments can scrutinize their lead executive actors in relation to specific instances of EU-level policy coordination, i.e. meetings of the European Council, the Euro Summit, the ECOFIN Council or the Eurogroup. In some cases parliaments can issue mandates to their respective governments, in other cases they cannot. The individual case studies in this report thus investigate domestic decision-making in relation to examples from set of EU-level crisis management decisions. An overview of key crisis management decisions and meetings is provided in Table 1 below.

Date	Event	Main agenda item in meetings
2010.02.11.	Informal European Council	Confirmation that EU stands behind Greece
2010.03.25.	Informal European Council	Agreement to bilateral loan schemes and establishment of Task Force on economic governance
2010.05.07.	Emergency Euro Area Summit	Agreement on first **bailout** to Greece
2010.05.09.	ECOFIN	Creation of **EFSM and EFSF**
2010.10.28/29.	European Council	Endorsement of the **Task Force** report on economic governance
2010.11.28.	ECOFIN	Approval of **Irish bailout** from EFSM and EFSF
2010.12.16.	Informal Euro Area Summit	Amendment of treaties to allow for permanent bailout mechanism, the **European Stability Mechanism**
2011.03.11.	Informal Euro Area Summit	Endorsement of Euro Plus Pact and increase in **lending capacity of EFSF**
2011.03.24/25.	European Council	Adoption of Euro Plus Pact and changing treaties to allow for a bailout mechanism
2011.05.16	Eurogroup	Approval of **Portuguese bailout** from EFSM and EFSF
2011.10.04.	ECOFIN	Approval of **Six-Pack** legislation
2011.10.26.	Informal European Council	Reaching consensus on banking package
2011.11.23.	European Commission	**Proposal of Two Pack** legislation
2012.01.30.	Informal European Council	Amendment of European Stability Mechanism to connect it to Fiscal Compact
2012.03.01/02.	European Council	Signing of the **Treaty on Stability, Coordination and Governance in the Economic and Monetary Union**
2012.06.09.	Eurogroup	Approval of **Spanish bailout** from ESM
2012.06.28/29.	European Council	Decision on "Compact for Growth and Jobs" and transfer of power over banking sector to ECB
2012.10.18/19.	European Council	Introduction of **Single Supervisory Mechanism**

Table 1. Overview of key crisis management decisions by the European Council and the Euro Summit during 2010-2012.

This report is based on 17 interviews with decision-makers who were familiar with either the technocratic, lead executive and/or parliamentary perspectives in the relevant countries. These anonymous interviews were conducted between October 2014 and March 2016. Interviews were deemed essential for this study given the nature and substance of the research which required substantive networking to uncover the linkages within the particular groups of actors and between them. The interviewees include senior civil servants and government officials who have been closely related to crisis management in finance ministries and prime minister's offices, and also parliamentarians who served in the parliamentary committees on EU affairs. Additional interviews were made with local journalists which helped to generate further insights into specific events. The report also uses official documents and media sources to trace decision-making episodes. Official documents include major European Council resolutions, agreements and background documents prepared by either European institutions or member states governments. As major online European press resources, *euobserver.com* and *euractiv.com* articles were used to contextualize specific events or substantiate certain claims.

The individual case studies are organized as follows. First, an overview is provided on whether and how the individual country was exposed to particular financial market constraints. More specifically, it is asked whether financial market pressure was mainly experienced as pressure faced by the euro area as a whole, or as pressure directed at the particular domestic context, or as pressure emanating from both levels at the same time. It is discussed how the overall stability of the euro area became a particular concern for domestic decision-makers, and how governments tried to balance between European solidarity and domestic political demands. In a second and third step the practice of crisis decision-making is reviewed more closely in relation to the question of how the meaningful exercise of the political rights to vote, to participate and to be informed may have been impacted on. It is shown how a small identifiable group of senior officials translated market pressure into actual decision-making options both for EU-level and member state level actors and how this in turn affected the relationship between lead executive actors and parliamentary actors. At the end of each section there is a short summary with a reflection on the main hypotheses formulated in bEUcitizen report 'Constraints imposed by financial markets on political choice in the EU' (Deliverable 8.1.) about the role of technocratic elite in interpretating financial market developments and the implications this has for the specific relation between executive and parliamentary actors and for the meaningful exercise of core political citizenship rights more generally.

3. Austria

3.1 Financial market pressure on decision-makers in the context of the crisis

Austria is among the euro area countries with the highest standards of living in the EU. Pressure from financial markets was two-fold in Austria. First, the country was threatened by financial contagion through its banking sector, which is closely linked to the Central Eastern European (CEE) market within which several countries were hit by recession. In 2008, the government had to provide funding of up to €100bn, over 30% of its GDP, as capital guarantees to the banking sector. The swift reaction of the government quickly calmed the markets and interest rates returned to their normal levels. In 2009 Austria started the Vienna Initiative[1] to ease the panic in financial markets in the CEE region. However, all these measures could not avoid nationalization of some Austrian banks in 2009, the most serious case of them being the Hypo Alpe Adria[2]. Second, these steps contributed to a growing public debt level, which in turn added to general market concerns about growing public debt levels within the euro area as a whole. Yet, throughout the crisis Austria remained a net contributor to financial assistance arrangements and aligned itself with Germany, Finland, the Netherlands and Slovakia when it came to asking for strong conditionality in relation to individual financial assistance packages. Although, in September 2011 the financial committee of the Austrian parliament failed to schedule a plenary vote on the new and temporary European Financial Stability Facility (EFSF) as opposition parties (BZÖ, FPÖ, and the Greens) managed to block the motion and caused a violent reaction in markets[3], in general, the grand coalition was able to ensure a parliamentary majority for EU-level coordinated crisis management decisions, which could not be effectively challenged by the opposition.

3.2 Constraints on the meaningful exercise of the right to vote

Austria is the only country in this report which did not have general elections between 2010 and 2012. The 2008 October elections had resulted in a grand coalition government of the center-left Social Democrats (SPÖ) and the center-right People's Party (ÖVP). The electoral campaigns and agendas of the two parties were very similar. They used similar catchwords (e.g. Stilwende – or change) and they both emphasized the need to ensure stability and discipline in the economy, an indication that both parties aligned themselves with what may be best described as euro area consensus, i.e. the general policy stance as advocated by almost all ministers within the Eurogroup throughout the crisis. Both coalition parties campaigned for tax reform, and while the ÖVP showed strong support for the European project, the otherwise EU-friendly SPÖ campaigned with the promise that any future EU treaty would have to go through a referendum – an idea which received general support among opposition parties, but drew critique from its coalition partner, the ÖVP. Both the rightist Freedom Party (FPÖ) and the Alliance for the Future of Austria (BZÖ) increased the number of their

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[1] https://euobserver.com/economic/32449

[2] https://eif.univie.ac.at/downloads/workingpapers/wp2015_01.pdf

[3] https://euobserver.com/economic/113629

seats in parliament compared to 2006. Yet, these parties could not secure a wider support that would have been sufficient to form a government. Given the early timing of the elections in relation to key crisis developments, Austrian parties were under no real pressure to put crisis-related issues on their electoral agendas during the 2008 campaign, thus voters were not indicating preferences for or against particular crisis management options. This was also reflected in the 2009 European Parliament elections where most of the seats were won by the ÖVP and the SPÖ, and both the Freedom Party and the Greens won only 2-2 seats, whereas the BZÖ could not secure any.

As the Austrian case lacks evidence of an electoral campaign which was clearly related to euro crisis management it is difficult to establish more specifically whether and how constraints on the meaningful exercise of political citizenship, as far as understood as the exercise of the right to take part in electoral politics, existed. Yet, more generally, the long-standing practice of grand coalitions in Austrian domestic politics which are composed of the two mainstream center-right and center-left parties, the ÖVP and the SPÖ, limit party competition around positions which are collectively agreed on with other member state governments at the EU-level. The euro crisis represented no alternative in this regard, Austria's grand coalition was a reliable political partner in securing parliamentary majorities for the EU consensus.

3.3 Constraints on the meaningful exercise of the right to participate and the right to information

The role of the Austrian parliament in scrutinizing members of the executive in relation to EU-level intergovernmental policy coordination is ambiguous. Though formally the parliament is endowed with strong control powers, parliamentarians doubt that these powers are used in practice.[4] The government is obliged to call the parliament's EU affairs committee together before every Council meeting, thus also ahead of ECOFIN Council and Eurogroup meetings. Yet, there is only one case where the EU affairs committee of the parliament did use these powers consistently, namely in relation to decisions by euro area finance ministers on financial assistance packages provided through the European Stability Mechanism (ESM). Before a meeting which deals with ESM affairs the finance minister has to gain mandate from the committee[5]. However, this mandate is generally loosely phrased to provide the finance minister with enough room for maneuver.[6] Such flexibility is strongly preferred by members of the executive as they fear a weakening of Austria's negotiation position which eventually erodes the possibility to pursue a more hardline position against too large transfers to notably southern EU member states.[7] Members of the executive were also concerned about too tight parliamentary

[4] MS04-LEG01, personal interview conducted in Vienna, Austria, 25 November, 2015.

[5] Based on the material gathered from MS04-EXE01, personal interview conducted in Vienna, Austria, 15 December, 2015.

[6] Based on the material gathered from MS04-LEG01, personal interview conducted in Vienna, Austria, 25 November, 2015.

[7] MS04-EXE01, personal interview conducted in Vienna, Austria, 15 December, 2015.

scrutiny in euro crisis decision-making matters because of a fear of leaks of the government's position prior to EU-level coordination meetings.[8]

Otherwise the influence of parliament and notably its EU affairs committee on EU-level crisis decision-making was constrained inasmuch as most of the committee members lacked the knowledge and technical understanding to effectively and actively influence the position of the government. The level of information they received and upon which they needed to build their own positions as regards most of the decisions was considered to be limited. At certain occasions parliamentarians refuted to consulting the Financial Times for more information and requested information from their sister parties in the German Bundestag, which they in turn also provided with information.[9] There were also informal meetings between the government coalition parties and opposition parties to exchange information. Parties of the grand coalition generally felt to be better informed but at times saw themselves confronted with what some parliamentary actors referred to as 'information dumping' on part of the Finance Ministry[10], i.e. the oversupply of information by the ministry which is obliged under the constitution to provide information. Another issue was the request by parliamentarians to translate all EU documents from English into German for them. The Finance Ministry declined this request and soon members of the parliament realized that they could not keep up with the amount of information they received because of language and time barrier[11]. There were attempts in the parliament to use 'outside' expertise on certain issues, but formally "there had to be an agreement with the governing coalition parties whom to invite to committee meetings"[12], which made this exercise practically impossible. Also there was some informal outreach to experts in the form of 'outside committee meetings' (e.g. conferences) and public hearings, but their impact was rather marginal when it came to decisions. In fact, most of the information that was fed to the parliament was pushing for particular positions in most cases and did not review alternative policy options[13].

The Austrian case provides evidence for a very strong role of technocratic elites in the Finance Ministry in relation to domestic decision-making related to crisis management. The relevant finance ministry officials were part of the transnational European network around the EU's influential Economic and Financial Committee (EFC) and its Eurogroup Working Group (EWG) which are responsible for the preparation of ECOFIN Council and Eurogroup meetings and which also supported the European Council and the Euro Summit on matters of crisis management. These officials see themselves as being aligned within a pan-European group of

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[8] MS04-EXE01, personal interview conducted in Vienna, Austria, 15 December, 2015.

[9] MS04-LEG01, personal interview conducted in Vienna, Austria, 25 November, 2015.

[10] Based on the material gathered from MS04-EXE01, personal interview conducted in Vienna, Austria, 15 December, 2015.

[11] Based on the material gathered from MS04-EXE01, personal interview conducted in Vienna, Austria, 15 December, 2015.

[12] MS04-LEG01, personal interview conducted in Vienna, Austria, 25 November, 2015.

[13] Based on the material gathered from MS04-LEG01, personal interview conducted in Vienna, Austria, 25 November, 2015.

officials who give priority to consensus and cooperation and the search for common EU solutions.[14] Moreover, officials see themselves empowered by the fact that the vast majority of the issues in relation to crisis management were of a very technical nature and thus required their special know-how. Another observation was that discussions within the technocratic network and the EFC and EWG meetings are seen to be somewhat detached from party politics.[15] Senior officials were allowed to work in relative isolation, inasmuch as most questions were of financial nature and approvals from the Chancellor's Office were only needed in relation to major questions such as the approval of financial assistance packages. Crisis management also required cooperation between the Finance Ministry and the Chancellor's Office. Even though the Finance Minister and the Chancellor came from different parties, their ideological differences hardly had a negative impact on the actual decision-making process. In general, they were considered to have had a good working relationship[16].

Thus the practice of decision-making related to EU crisis management in Austria can be seen to depict some constrains on the meaningful exercise of the right to participate and the right to information of citizens. Even though parliament had the formal right to not only receive all necessary information before major decisions and to instruct ministers with a mandate the EU affairs committee was reluctant to constrain the room of maneuver for ministers going to Council meetings too far. In this the lead role of executive actors was accepted by the two mainstream parties which were forming the grand coalition. Parliamentarians also lacked the capacity to process and work with the information that was fed to them by finance ministry officials on key crisis management decisions at the EU-level. Moreover, Austria's long-standing practice of grand coalitions may have been another key factor limiting competition between viable alternative policy options in relation to EU-level crisis politics. Thus, the input of parliament was rather marginal in most decisions throughout the period of 2010-2012. As for the information, parliamentarians generally worked with the same information decision-makers used, and even though they tried to reach out to other sources, this exercise proved to be rather futile. Finally, the Austrian case shows a very strong role for technocratic elites. Senior finance ministry officials who are linked to the networks surrounding the EFC and EWG played a key role in crisis management and enjoyed great autonomy. Quite importantly, the lead role of technocrats underpins that achieving a strong EU-level policy consensus within the EFC and the EWG and, related to this, in the Council and the Eurogroup, is favored over letting ideological differences emerge from domestic party politics to determine domestic decision-making.

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[14] MS04-EXE01, personal interview conducted in Vienna, Austria, 15 December, 2015.

[15] MS04-EXE01, personal interview conducted in Vienna, Austria, 15 December, 2015.

[16] Based on the material gathered from MS04-EXE01, personal interview conducted in Vienna, Austria, 15 December, 2015.

4. Finland

4.1 Financial market pressure on decision-makers in the context of the crisis

Finland has been a member of the euro area since 2002, which was greatly influenced by the country's negative experience with a financial and economic crisis in 1991-1993. Joining the euro is generally seen to have helped Finland to impress markets and lower their capacity to pressure decision-makers. As a member of the common currency zone, Finland was mainly exposed to financial market constraints which affected the euro area as a whole. As Austria, Finland was a net contributor to euro area financial assistance.

During the period of 2010-2012 market pressure against the euro area as a whole was strongly felt by decision-makers. First, the run-up to the Portuguese bailout in May 2011 coincided with the parliamentary elections in Finland, providing a perfect setup for high levels of politicization. Jyrki Katainen, the incoming Prime Minister and leader of a coalition government, was under great pressure to create a parliamentary majority behind the Portuguese bailout, which was an agreement based on consensus among the euro area member states. The Finnish EU Commissioner Olli Rehn exercised some pressure on the Finnish government too, as he expressed hopes for the country's acceptance of the assistance to Portugal "for the sake of stability in Europe as a whole"[17].

In July, 2011, the second Greek bailout was put on the table[18]. At this point, Katainen was pressured from two different directions: on the one hand, there was domestic political pressure which involved a distributional element. The Social Democrats, members of the coalition government, demanded collateral from Greece in return for Finnish consent to another Greek bailout. At the same time, there was growing pressure from within the euro area to do whatever it takes to stabilize the common currency by exercising solidarity with countries in financial difficulty. This time not only EU officials called on the Finnish government to align itself with the rest of the euro area. Pressure also came from other reluctant EU member states, such as the Netherlands and Austria, which both threatened to block the rescue plan for Greece unless they were offered collateral from Greece too.[19] How controversial Finnish demands for collateral were against the background of concerns about euro area integrity and growing financial market pressure voiced by other European decision-makers was reflected by an intervention of German Chancellor Angela Merkel who feared fragmentation of the euro area and warned that "eurozone countries should not take unilateral steps in the Greek crisis"[20]. Still, Finland stroke a deal on an individual collateral agreement with Greece in February 2012, which generated mixed responses.[21] The same pattern was repeated in the case of the Spanish bailout in June 2012.[22] Similar to Merkel's critique before, this time Italian Prime Minister Mario Monti expressed concerns about the behavior of the Finnish

[17] https://euobserver.com/economic/32302
[18] https://euobserver.com/economic/113349
[19] https://euobserver.com/economic/113422
[20] https://euobserver.com/economic/113422
[21] https://euobserver.com/tickers/115319
[22] https://euobserver.com/tickers/116906

government by stating that "we don't undo unilaterally what we laboriously put together collectively"[23]. Finland was also left alone in its opposition to the adoption of a super-majority rule for the euro area's new and permanent financial assistance framework – the European Stability Mechanism (ESM) .[24] Yet, in this case Finland eventually agreed to lift its objection to the emergency voting procedure.[25]

This short overview shows that prominent EU-level crisis management decisions were highly politicized in Finland. The Finnish government generally backed the euro area consensus but deviated from it partially with the bilateral agreements on collateral. With the agreement on the ESM framework and thus a more rule-based mechanism for financial assistance with generally applicable lending conditions Finland's exceptional role came to an end. During this whole period of intensive EU crisis management the Finnish government was put under great political pressure both from within (through its coalition government setting) and from outside (by other member states and EU institutions) to secure positions agreed at the EU level within the domestic political arena.

4.2 CONSTRAINTS ON THE MEANINGFUL EXERCISE OF THE RIGHT TO VOTE

Thanks to corruption scandals, the center-right governing coalition faced some losses during the general election in April, 2011. However, as the Finnish party system traditionally consists of three bigger parties (Centre, National Coalition, and Social Democrats) and a number of smaller parties, governments are generally formed based on a coalition of two of the bigger parties and a few of the smaller parties. Consequently, "in Finnish politics there are no insurmountable party blocs, rather in principle, anyone can form part of the government with anyone"[26].

Nevertheless, the party system did change over the period of 2010-2012 in one important respect, namely the True Finns party (now 'The Finns') strengthened its position and became the third most powerful party in the parliament after 2011. They had 39 seats as compared to the 5 they had in the previous parliament which showed that they attracted quite a number of votes with their euro-skeptic rhetoric and their rejection of the bailout measures.[27] Although the Finns, managed to ride the wave of euro-skeptic sentiments, providing an alternative voice for the electorate, as an opposition party their actual power of influence was rather limited.

In June 2011, Jyrki Katainen's National Coalition Party formed a coalition government with the Social Democratic Party, the Left Alliance, the Green League, the Swedish People's Party, and the Christian

[23] https://euobserver.com/economic/116905
[24] https://euobserver.com/tickers/114569
[25] https://euobserver.com/economic/114992
[26] https://euobserver.com/news/32185
[27] https://euobserver.com/economic/32253

Democrats. The Social Democratic Party was highly critical of the EU-IMF bailout program for Portugal.[28] The party had expressed its critical views on that during the election campaign multiple times. Once in government, however, Social Democrats gave consent to the Portuguese bailout based on a promise that the government is to "seek out more burden sharing between financial institutions and taxpayers"[29]. The turnaround of the Social Democrats was the result of a consensus among the main political parties that Finland would not alone obstruct a decision in the Council. Then in July 2011 Social Democrats consented to the Greek bailout although they requested a collateral (which was a prerequisite to their joining the coalition government in the first place). This collateral came in form of a pledge from Greece to set aside €600 million "in an escrow account in case it is unable to pay back Helsinki's part of its second bailout"[30]. The maneuvering of the Social Democrats illustrates how much room there was for electoral choices and thus the meaningful exercise of the right to vote. During the general election the Social Democrats indeed offered an alternative to the previous governing coalition. Yet, once in power the party despite obtaining some concessions for Finnish exceptions agreed to the same measures as championed by the rest of the governing coalition and other EU member states, effectively also underlining the fact that there was a convergence of views within the political elite about what constituted the best policy decisions.

Coalition government was always a necessity in Finland, so "the party in opposition always has to be careful about not to be too harsh and adamant about an issue"[31], not knowing when it becomes a member of a coalition government. In fact, similar to the Austrian case, coalitions of mainstream parties in Finland ensured that EU-level decisions would not be effectively challenged within the domestic context. One difference, nevertheless, was the fact that crisis-related decision-making was much more politicized which allowed for greater influence of coalition partners, such as the Social Democrats. However, the extent to which alternative voices could actually be heard was limited as the Social Democrats' position also shifted, which was not totally unexpected given the realities of the Finnish political party system.

4.3 Constraints on the meaningful exercise of the right to participate and the right to information

In the context of the crisis technocratic elites closely interacted with top-level decision-makers. A close working relationship existed between the Ministry of Finance and the Prime Minister's Office (PMO), facilitated also by the fact that both institutions share the same building. Still, the PMO did not get heavily involved with most of the issues and gave quite an independence to the Finance Ministry to handle crisis related matters. Nevertheless, a good working relationship between the Minister of Finance and the Prime Minister was often the guarantee to work out possible disputes between the coalition partners when sensitive questions were put

[28] https://euobserver.com/political/32201
[29] https://euobserver.com/economic/32322
[30] https://euobserver.com/economic/113388
[31] Based on MS02-LEG01 personal interview conducted in Helsinki, 27 January, 2015.

to the table, which was made possible thanks to the tradition that distributes the two positions to different parties (the two biggest in the coalition government).

The narrative emerging from the interviews with Finnish policy-makers confirms the centrality of key European technocratic elites. Through the EFC Secretariat the major line of argument ahead of political decision-making was set. EFC/EWG members were responsible for preparing memorandums summarizing the proposals put forward at the EU level, and consequently could influence the positions of the Finnish government in various debates. The Finnish Ministry of Finance did not revert to outside expertise to counterbalance the dominant position of this EU-level network of technocrats, instead they relied on analysis coming from EFC and the ECB and their own analytical units.[32] Even though the Finnish parliament organized hearings for several outside experts who had no affiliation with either the Ministry of Finance or the EU-level networks, their capacity to influence was marginal as policy issues in some cases were so specific and complex that it made it difficult for outside experts to get deeply involved with decisions. Especially technical aspects of EU legislative issues were quoted as a barrier to involvement. In turn, the Ministry of Finance itself "tried to influence a targeted group of experts in a way by providing them with some background information on the most relevant issues, which was essential when time was such a pressing issue."[33]

The Finnish parliament had to rely on the resources of the Ministry of Finance prepared by the above-mentioned technocratic elite. This often led to a situation where the Eduskunta (the Finnish Parliament) lacked complete information. As it was expressed, there was a language, a time and an access problem that the parliament faced.[34] First, the members of the Grand Committee, which is the committee responsible for all EU related measures, have a tradition to read documents in Finnish. These parliamentarians expressed no real interest in original English documents, even though the Ministry of Finance was willing to provide them according to a high ranking government official.[35] This willingness is also traceable in the occasions where market sensitive information was shared with the members of the Grand Committee, which was accompanied by a confidentiality order to avoid any misuse. At the end, it was the Ministry of Finance that prepared a memo with a detailed history of a particular policy file and background information on how the minister wanted to act in the Eurogroup. Secondly, as for access and time management, it was argued by one government official that there was a strong working relationship between the Minister of Finance and the head of the Grand Committee. Information between them was often exchanged through the phone and documentation was prepared later. In order to ensure access for the Grand Committee to decisions, "it was expected that the head of the Grand Committee is reachable at all times during Eurogroup meetings"[36]. In fact, such informal phone

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[32] Based on MS02-EXE01 personal interview conducted in Helsinki, 26 January, 2015.

[33] As these experts were often interviewed in the Finnish national media, and they needed basic information to be able to comment on certain matters. Based on MS02-EXE01 personal interview conducted in Helsinki, 26 January, 2015.

[34] Based on MS02-EXE01 personal interview conducted in Helsinki, 26 January, 2015.

[35] Based on MS02-EXE01 personal interview conducted in Helsinki, 26 January, 2015.

[36] Based on MS02-EXE01 personal interview conducted in Helsinki, 26 January, 2015.

calls became extremely relevant during times when a mandate was required for the minister to give consent to EU level agreements which then went to ECOFIN Council meetings. One such occasion was an informal, off-the-book meeting of the Grand Committee which was held during May 2010 where continuous feedback was provided by the committee to the minister sitting in the Eurogroup meeting. Documentation was also sent through fax (as the Justus Lipsius building does not allow phone networks), and members of the committee exchanged ideas per email.

As for the role of the parliament in general according to one Finnish law-maker, "the Finnish case is an outlier in terms of parliamentary involvement in EU affairs. (…) The parliament had the constitutional right to get information and also the willingness to use it."[37] The Grand Committee enjoys strong democratic legitimacy and can insist on coordination with governmental decision-making. In fact, ministerial memos were prepared in a way that proposals always reflected the presumed position of the parliament, and they always tried to defend the budgetary sovereignty of the legislation. The committee always issued a formal mandate, making it a more contentious body. The link between the Ministry of Finance and the Grand Committee manifested itself in different levels: the minister was in contact with the chairman while a senior civil servant, usually a State Secretary or the Director of the EU Affairs in the Ministry of Finance, kept close relations with the Counsel of the Grand Committee. The main purpose of these links was to exchange information. The underlying purpose was to confirm that the minister had the support of the majority in the committee. However, as a parliamentary official put it, "the EU's crisis meetings were 'take it or leave it' situations where the Grand Committee would not have been able to order the minister to renegotiate detailed terms in Eurogroup meetings"[38]. Even though the Grand Committee held a small number of exceptional hearings, it did use the documentation from sectoral committees of the Finnish parliament, such as the Budget and Finance Committee. This provided with an opportunity for economists, constitutional experts and EU lawyers to debate and allowed politicians to find support for their views. The hearings did make the Grand Committee more visible, which was different to the practice before the crisis.

All in all, the meaningful exercise of European political citizenship was less constrained in Finland than in the other member states which are reviewed in this report. Yet, as in the Austrian case it is evident that the pan-European technocratic elite network around the EFC/EWG played a crucial role in interpreting financial market developments. This group not only shaped consensus in EU level decisions but also was instrumental in overcoming ideological differences between coalition government parties at the national level. Different to the Austrian case, however, the Finnish parliament was not as sidelined as the Austrian parliament. Rather the procedural prerogatives of the Eduskunta secured a more prominent involvement in decisions, which was often reflected in the formal mandates it gave to the government. Yet, as far as the right to information is concerned, members of the Grand Committee, partially through self-inflicted limitations, refrained from obtaining more complete information before major decisions were made at the governmental level. They instead relied

[37] Based on MS02-LEG01 personal interview conducted in Helsinki, 27 January, 2015.
[38] Based on MS02-LEG01 personal interview conducted in Helsinki, 27 January, 2015.

extensively on finance ministry resources and reports. This again underlines the pivotal role of the technocratic elite network around the EFC/EWG. Also, given the party system structure in Finland, grand coalition governments based on two of the three main parties at a time, could effectively secure EU-level decisions within the domestic political context, thus effectively limiting the possibility and credibility of alternative electoral choice.

5. Ireland

5.1 Financial market pressure on political decision-makers in the context of the crisis

Ireland's participation in the euro area was first described as a great success with high levels of foreign direct investment, low corporate tax rates, and a good state-driven economic development program. After the late 1990s, foreign banks arrived into the Irish market which had a huge impact on competition.[39] Good economic indicators, new lending practices and new mortgage options quickly led to a masking of a property bubble, which, by mid-2007, coincided with the growing global financial crisis. As extreme lending policies were coupled with irresponsible fiscal policies, market pressure was soon felt by decision-makers.

Financial market pressure became manifest at different levels. It was felt directly as markets turned against Ireland and indirectly through political pressure from EU-level actors which were concerned about the stability of the euro area as a whole and its banking system. As one government official argued: "on the one hand it was the markets that exercised pressure, as they stopped ensuring liquidity in our banking system (...) but on the other hand the ECB was a major actor that was strongly pushing the government to save the banks"[40]. In fact, the ECB played a crucial role in influencing EU level consensus on what needed to be done to guarantee the stability of the euro area in the light of the Irish situation. As a response, in September 2008, Brian Lenihan, the finance minister at the time, announced a state guarantee of Irish domestic banks. State guarantees, in return, meant that austerity measures had to be introduced to cover expenses leading to a vicious circle. By January 2010, both the European Commission and the ECB signaled concerns about the climbing debt ratio in Ireland, an indication that the government was trying to offset the problems in the banking sector with increased levels of government debt. The banking sector, worth over €400bn, a multiple of Irish GDP, represented a huge challenge. However, it were not only EU institutions that exercised pressure, other member states bilaterally also attempted to influence Irish government policy, for example by demanding increasing corporate tax levels. The government at the time led by the party Fianna Fail had to introduce serious cuts which were reflected in the budgets they tabled in the parliament. However, despite the various austerity budgets, the government could not escape but turn to a rescue package.

By September, 2010 the situation was rather ambiguous. On the one hand, the IMF argued that Ireland did not really have any degree of fiscal maneuver, yet, on the other hand, not only the prime minister, but also European Commissioner Olli Rehn and Eurogroup President Jean-Claude Juncker supported the idea that Ireland was capable of resolving the situation without turning to a bailout.[41] However, figures already started to suggest that the Irish banking system was in for a major restructuring which could cost over €30bn (or about 20% of Irish GDP). In November, 2010 pressure was highest, as Commission President José Manuel Barroso signaled that a bailout scheme could be offered to Ireland through the newly established EFSF.

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[39] See p.7. of the inquiry. http://inquiries.oireachtas.ie/banking/wp-content/uploads/2016/01/02106-HOI-BE-Report-Volume1.pdf

[40] MS05-EXE01, personal interview conducted in Dublin, 1 April, 2016.

[41] https://euobserver.com/news/30934

Additionally, Portugal and Spain were also pressuring Ireland to accept the terms of a bailout as they were too facing mounting cost for the refinancing of the their public debt due to the uncertainty around Ireland.[42] Finally, the Irish Prime Minister Brian Cowen gave in and on November 21, 2010, after five days of secretive talks with the representatives of the troika[43], he announced that Ireland formally requested financial support. Commissioner Olli Rehn continued to call on Irish decision-makers to support such a solution as the Greens pulled the plug on the Irish coalition government while the budget confirming the bailout still needed to be passed. Similarly the run-up to the 2011 elections triggered interventions from EU policy-makers. For example, ECB president Jean-Claude Trichet urged political parties in early February 2011 to go ahead with the negotiated bailout.

Even though Ireland became a so-called program country, a status which was supposed to ease financial market pressure, the country still faced challenges on that front. In July 2011 ratings agencies downgraded Irish government bonds to junk status. In the same month the Irish government could not negotiate terms to involve the private sector into the bailout scheme. Moreover, the Irish government was once more urged by other euro area member states to increase its corporate tax level so to ease the fiscal pressure, a measure it was not willing to take. The government was not ready to give up its position even when it was offered lower interest rates on the financial support the EFSF. This became a particularly challenging issue for the government in relation to domestic voters after the launch of the financial assistance program for Spain for which conditions were slightly better.

Another case illustrating the interconnectedness of financial market pressure and political decision-making during the period of 2010 to 2012 emerged in the context of the referendum on the Fiscal Compact. The issue was put on the table in December 2011 when first negotiations about such a treaty started in the EU. Ireland announced a referendum in February 2012 scheduled for June the same year. Decision-makers urged voters to accept the Fiscal Compact as otherwise the country would not be eligible for rescue funds from the newly established ESM. In the end, people voted in favor of the new treaty.

Irish decision-makers were well aware of the link between financial market pressure and key policy moves. As one member of the parliament argued: “there was huge pressure that was manifest through a domino effect...turbulence in markets impacted on lending policies which ultimately affected construction industry, which in turn needed adequate answers on the side of the exchequer, which then required parliamentary decisions to be taken”[44]. Within this chain of influence, interpretation of financial market developments by technocrats within the Irish Finance Ministry played a crucial role. Such interventions contributed not only to EU level consensus as reflected by the numerous proposals that Ireland should join an assistance program but also to a national consensus on what needed to be done to put Ireland’s fiscal position in order. Different to the previous two examples of Austria and Finland it was not through a grand or quasi

[42] https://euobserver.com/economic/31272

[43] https://euobserver.com/economic/31286

[44] MS05-LEG01, personal interview carried out in Dublin 31 March, 2016.

grand coalition government how Ireland fall in line with the euro area consensus. Yet, as it will be shown in the following section below, the two major parties in Irish politics were both highly influenced by interpretations of market developments by the same transnational technocratic elites and converged to quite some extent in their policy decisions rendering ideational differences less important.

5.2 Constraints on the meaningful exercise of the right to vote

Ireland, being a program country, could be expected to have gone through an extreme constraining of political choice. The country had general elections in the middle of the crisis in early 2011, which saw the previously governing party, Fianna Fail, see a steep decline in its support. In the run-up to the elections, as it had already been shown, the party in coalition with Fianna Fail, the Greens left the government as they were opposing the passing of the budget. However, the finance minister managed to negotiate with the opposition parties and successfully gathered support for the budget, a clear sign that there was a strong convergence among the political elite about what needed to be done and what options were available.

After the budget was passed parliament was dissolved and new elections were called for. Fianna Fail lost over 50 seats while its coalition partner, the Greens, lost all their mandates despite their opposition to austerity. Instead, the center-right party Fine Gael formed a coalition government with the center-left Labour party. Both parties campaigned with an aim to renegotiate some of the key elements of the bailout deal, yet, it was often argued that both parties offered "a virtually identical response to the crisis"[45], the distinction being only in personalities and how measures would be implemented by them. As a member of the parliament explained, "the Labour party was against bailout and austerity...they often said: 'it's either Labour's way or Frankfurt's way' referring to the influencing role of the ECB...yet when they were governing with Fine Gael they implemented those same measures"[46]. Nevertheless, the new coalition government did change certain measures in relation to the bailout package including the introduction of a jobs initiative and the revision of the reduction of the minimum wage. Yet, the new coalition continued the austerity policy which involved reduced welfare benefits and attempts to introduce water charges, which were eventually postponed.

The elections indeed allowed non-mainstream political actors such as the United Left Alliance, which comprised the Socialist Party, the People before Profit Alliance, and the Workers and Unemployed Action Group, to win five seats in parliament. Yet, their support was marginal compared to support for Ireland's mainstream parties. Sinn Fein also profited from the political tensions. Although it almost tripled its seats it still lacked the power to actively influence government decisions. As a government official pointed out, there was a major difference between the political situation in Ireland and the one in Greece, as the Irish parliament hardly ever challenged the deals that were put in front of the acting governments. For voters political alternatives remained limited as skepticism prevailed that a new government would have other options than to pursue the

[45] https://euobserver.com/political/31325
[46] MS05-LEG01, personal interview carried out in Dublin 31 March, 2016.

existing policy line.[47] Being a program country constrained the room for maneuver for any Irish government, thus, limiting the meaningful exercise of the right to vote.

5.3 Constraints on the meaningful exercise of the right to participate and the right to information

Ireland represents a particular case in crisis management as it became a 'program country' in late 2010. Nevertheless, to see whether and if so, how the meaningful exercise of the right to participate and the right to information have been constrained in the context of the sovereign debt crisis in the euro area, it is essential to look at the actual decision-making process in the country and identify the working relationship between the executive and legislative branches of government.

In procedural terms the Irish parliament can considered to be relatively weak in relation to the government, certainly if compared to the Finnish parliament. Parliamentary committees do not direct ministers and find it difficult to determine government actions. Committee involvement in executive decisions is generally marginal. The Irish parliament also cannot issue mandates for ministers who negotiate at the EU-level. Parliamentarians were not unanimous in either their rejection or approval of this situation. As one member of parliament explained: "There were some Dáil reform attempts [i.e. attempts by the parliament] to change that, which would have allowed the parliament to become the executive, which would be a disaster."[48] Even though parliament and its responsible committees do not have sufficient power to influence decisions, there were attempts to question the government's position as parliamentarian also did not want parliament to be seen as an extension of the government. As another parliamentarian pointed out, the Irish parliament generally reacted to events and decisions put forward by the government but in such case the main purpose was to be informed by the executive.[49] The only real influence parliament could exercise over the executive was through the budget, which was an important issue in the context of the financial assistance program, as shown in the previous section.

The uneven relationship between the executive and legislative branches was also reflected in the working methods that characterized crisis decision-making. As a parliamentarian stressed: "all relevant economic data was given to parliament by the Ministry of Finance, yet you always felt that you did not have the full information"[50]. Moreover, parliamentary committees are normally used to provide opportunities for independent expert advice. However, in the context of the crisis this practice does not seem to have been applied. Parliamentarians could not recall specific events during which independent experts were consulted on crisis measures. At the same time the executive was seen to be itself constrained in its room of maneuver by

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[47] Cf. also https://euobserver.com/economic/31571

[48] MS05-LEG02, personal interview carried out in Dublin 31 March, 2016.

[49] Based on the material from MS05-LEG01, personal interview carried out in Dublin 31 March, 2016.

[50] MS05-LEG01, personal interview carried out in Dublin 31 March, 2016.

policy priorities set at the EU level. In particular the decision that Ireland became a program country was perceived as being imposed from the outside.

There was a close working relationship between the ministers of finance and public expenditure. Their joint reports were often handed to parliament under extreme time constraints. The bank guarantee was effectively rushed through parliament overnight. Also decisions on budget had an ad-hoc character. As it was pointed out by a ministry official: "We did not have a process of pre-engagement with the parliament and its relevant committee. We follow a system where the budget is produced on the day so there is really no discussion beforehand, it's a 'take it or leave it' option, but if you do not pass it, new elections shall follow."[51] Although, the finance minister attempted to change the process by introducing a spring economic statement which was supposed to generate discussion, the role of parliament remained marginal.

Similar to the other cases in this report there was a clearly identifiable, small group of technocrats who possessed technocratic expertise and transnational links which proved to be essential in influencing decision-making at the highest political level in Ireland. The first indication of this technocratic influence was manifest during the run-up to the approval of the financial assistance program when ECB officials exercised great influence directly and through the EFC/EWG network on Irish decision-makers.

To conclude, in particular the ECB was urging the Irish government to accept a financial assistance program. With the program Ireland faced increased pressure to follow through with the debt and budget guidelines issued under the SGP. Despite the domestic contestation of the austerity measures the change of government did not affect the country's position on the EU-level agreements. The new lead party of the governing coalition Fine Gael only cosmetically changed the previous government's policy direction. The Irish parliament had limited impact on government decision-making given the structural constraints of the national legislature in relation to the executive. Parliament also suffered from an information asymmetry as it had to rely extensively on information received from the finance ministry.

6. SLOVAKIA

6.1 FINANCIAL MARKET PRESSURE ON POLITICAL DECISION-MAKERS BEFORE AND DURING THE CRISIS

Slovakia joined the euro area on January 1, 2009. The country's entry into the euro area was characterized by market pressure which was manifest in a currency speculation against the Slovak crown that ultimately pushed the government led by Robert Fico and his social democratic Smer party to commit to the introduction of the euro and the related adjustment policies. During the Slovak election campaign in May 2010 the bailout to Greece became a major issue. Prime Minister Robert Fico and his coalition government demanded strict cuts in expenditure in Greece in return for his government's approval of the loan. This request came despite Fico's

[51] MS05-EXE01, personal interview conducted in Dublin, 1 April, 2016.

general openness to the idea of euro area solidarity.[52] Eventually Fico indicated Slovakia's readiness to join the other euro area member states in helping Greece with bilateral loans[53] but left the matter open for the next parliament and government to decide. At that time there was a silent consensus among political parties not to approve the first bailout package eventually. Fico's main political opponent and candidate for the office of Prime Minister, Iveta Radicová, led a campaign pledge not to accept the €800 million loan that was expected from Slovakia.[54] In this sense, Slovakia represents the most interesting case when it comes to the emergence of electoral alternatives among mainstream political parties and the conflict between requests for European solidarity, on the one hand, and domestic political concerns about fairness and equity in burden-sharing. Regarding the latter aspect the argument was that Slovakia was a low-income country which in addition had managed to consolidate and reform itself in preparation for EU and later euro area entry with much less financial assistance from wealthier Western European countries than this was the case for several of the other euro area member states which became dependent on emergency assistance.

By July 2010 a new centre-right coalition government led by Prime Minister Iveta Radicová was formed as a result of the elections. It included the Slovak Democratic and Christian Union [SDKU-DS], the Freedom and Solidarity [SaS], the Christian Democratic Movement [KDH] and the Most-Híd parties. The new government ran on a platform of fiscal discipline and promised to counter deficit levels in Slovakia which had increased during the first years of the global economic and financial crisis between 2008 and 2010. To a certain extent the success of the new Prime Minister Radicová to assemble a coalition against her predecessor on the basis of the pledge to reduce the public deficit can be seen as first reaction to financial market pressure as political decision-makers sought to avoid negative ratings for the country. Though there was considerable growth in public expenditure between 2008 and 2010, Slovak banks were in a good condition, which made Slovakia less vulnerable to market pressure compared to other euro area member states.[55]

Yet, Slovakia was affected by worries about the sustainability of the euro area as a whole. Such pressure was also felt in the form of strong political pressure from EU-level actors and other member state executives. This was felt in particular during the negotiations on the provision of stabilization funds to Greece and then to the other euro area member states. In July 2010 two parallel issues were on the table, the decision on the first Greek bailout and the establishment of a general euro area stabilization mechanism – the EFSF. Prime Minister Radicová had described such a rescue fund in her election campaign as being "bad, dangerous, and the worst possible solution"[56]. Yet, once in government, she signaled that she would not stand in way of the creation of the EFSF.[57] Her finance minister Ivan Miklos pointed out that even though the country had to

[52] https://euobserver.com/economic/29998
[53] https://euobserver.com/economic/30033
[54] https://euobserver.com/news/30674
[55] Based on MS01-EXE01 over-the-phone interview conducted in Budapest, 29 October, 2014. Also based on MS01-JOUR01, over-the-phone interview conducted in Budapest, 19 November, 2014.
[56] https://euobserver.com/economic/30293
[57] https://euobserver.com/economic/30406

choose from several bad options, the government managed to choose the least problematic one.[58] Slovakia was against the bailout as it deemed it unfair to have to contribute to a bailout of a country which had a better standard of living compared to Slovakia. The caveat was that the Slovak government gave support to the EFSF but refused to participate in the first financial assistance package for Greece.[59]

The refusal to help Greece led to sharp criticism from the Commission and other euro area countries. Commissioner Olli Rehn even warned of political consequences for Slovakia.[60] Both, the decision to create the EFSF and the first aid package for Greece were highly politicized and according to finance minister Miklos European governments fell "hostage of financial markets"[61]. There was a convergence among coalition parties on the necessity of the EFSF, as even the liberal Freedom and Solidarity Party, a party later going against similar measures, voted for the measure though adding that it was not a good agreement[62]. In the view of one Slovak government official, Slovak decision-makers saw themselves confronted with a "chained pressure mechanism"[63]. In their view the EU, notably the European Council was influenced by financial markets. The emerging consensus at the European level put pressure on Slovakia to support euro area bailout arrangements nonetheless.

By September 2011 the strengthening of the rescue fund's lending capacity had become the central issue in EU crisis management.[64] This was an episode where a high degree of political pressure was expressed by EU institutions as well as by other member states and within the domestic context once again. European Council president Herman Van Rompuy and Angela Merkel made numerous attempts through bilateral negotiations to get Radicová to sign up for the extension of the EFSF as they were worried about euro area unity. Eventually Radicová committed herself to the extension of the EFSF and decided to make her own political future as Prime Minister dependent on this decision. On October 11, 2011 she invoked a confidence vote in the parliament, which was linked to the endorsement of Slovakia's backing for an extension of the EFSF. The confidence vote was lost as one coalition partner, the Freedom and Solidarity Party, refused to back the rescue fund proposal. The government fell and new elections were provisioned for the following year.

6.2 Constraints on the meaningful exercise of the right to vote

Already, it was demonstrated that Slovak domestic politics were heavily influenced by dynamics of collective decision-making among euro area governments. While from a domestic point of view Radicová's coalition had come to power in 2010 with the promise not to contribute money to a European bailout for Greece. Slovak

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[58] https://euobserver.com/economic/30406
[59] https://euobserver.com/economic/30483
[60] https://euobserver.com/economic/30610
[61] https://euobserver.com/economic/31349
[62] https://euobserver.com/economic/30483
[63] MS01-EXE03, personal interview conducted in Bratislava, 14 November, 2014.
[64] https://euobserver.com/news/113605

political leaders conceived of the discussions around Greece as an expression of a lack of euro area solidarity with Slovakia, which showed lower average income levels than Greece and had undergone repeatedly austerity measures in compliance with EU fiscal rules. Radicová's eventual backing of the EFSF ran counter to the political alternative which she and her allies had proposed to citizens during the 2010 election campaign. Yet, within the group of euro area leaders Radicová felt the necessity to respond positively to quests for an extension of the EFSF, even more so as the viability of the euro area as a whole was at stake. The eventual adoption of the EFSF proposal shortly after the lost confidence vote on October 13, 2011 by the Slovak parliament, now with the help of the main opposition party, Fico's Smer, showed that this view was shared by mainstream political actors.

A similar political consensus among Slovakia's main political opponents was evident in relation to the negotiations about the Fiscal Compact which was crafted during the care-taker period of the outgoing Radicová government and supported by the Smer opposition. In the March 2012 early elections Smer won the majority of seats in the Slovak National Council and consequently formed a one-party government led by Robert Fico. In compliance with the Fiscal Compact Fico's government secured a large majority for an amendment to the constitutional law introducing a national debt-break. The decision received cross-party support.[65] This effectively eliminated electoral political competition about euro area reform (cf. also Pinteric and Zuborova, 2012, 12).

In general, even though no grand coalition government was formed in Slovakia, a consensus among mainstream domestic political actors had emerged during the euro crisis of what constituted viable options with regards to EU crisis management at the European level.

6.3 Constraints on the meaningful exercise of the right to participate and the right to information

Euro area crisis management reinforced the role of the executive in decision-making in comparison to the legislative branch, which largely remained sidelined. The Prime Minister, the Prime Minister's Office as well as the finance minister and a very small number of senior officials within the Ministry of Finance were the most influential actors. As a finance ministry official argued, "before the crisis, we only had one person working on EFC, EWG, ECOFIN and Eurogroup meetings. (…) Now we have four major officials and our own analytical unit. (…) Things got so convoluted at times, that occasionally we struggle even with five experts in the room to deal with certain issues."[66] The Ministry of Finance proved to be the most important actor producing the government positions with regard to the most relevant files.[67] Within the ministry the deputy finance minister,

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[65] MS01-EXE02, personal interview conducted in Bratislava, 14 November, 2014.

[66] MS01-EXE04, personal interview conducted in Bratislava, 3 December, 2014.

[67] According to a former finance ministry official, "positions written by the Ministry of Finance with regards to EU economic governance had to be taken 'as the Bible' by other ministries…it was not to be changed". MS01-EXE04, personal interview conducted in Bratislava, 3 December, 2014.

the alternate member of the EFC, and occasionally a special advisor to the minister were pivotal technocratic actors.[68] These actors were closely linked to the transnational technocratic elite network of EU finance ministry and central bank officials around the EFC and its EWG and oversaw the preparation of files and governmental decisions related to euro area crisis management. According to a former official about two-thirds of the relevant information on the economic and financial situation within the euro area as well as on proposed policy options, which was used for Slovak crisis decision-making, came from EFC/EWG meetings and activities.[69] Next to this bilateral contacts with other member states, as well as information provided by the ECB and the Commission were considered vital for domestic decision-making.

This set-up implied limitations for parliamentary actors.[70] Information provided to parliament went through the finance ministry and was summarized, explained and filtered for consumption by parliamentarians.[71] What was considered to constitute market-sensitive information was left out. One finance ministry official thought that during the crisis, debates about policy decision had become so technical that parliamentary actors found it difficult to even formulate an own position.[72] Time constraints were another key issue. One parliamentarian recalled a situation when he/she had less than an hour to read a document of over 100 pages proposing a mandate for government action at the EU-level.[73] Finance ministry officials maintained close contacts with individual parliamentarians to reduce the risk that diverging views on policy emerged from debates.[74]

At a procedural level the Slovak parliament reacted to the euro crisis through reforming the working methods of its Committee on European Affairs. From 2010 on its chair Ivan Stefanec, introduced special meetings between the ministry and the committee, and sought to establish good working relationships with key officials in the finance ministry. Yet, this new practice did not abolish information asymmetries between executive and parliamentary actors but rather is an indication of the central role of finance ministry officials who in turn were link to EFC/EWG network. Finance ministry officials maintained close links with not only their counterparts in other member states but also with the PMO, effectively influencing the domestic decision-making process at all levels. Although different episodes of crisis management were highly politicized in Slovakia, given the conflict between solidarity within the euro area and domestic concerns about the fairness of Slovakia's share in the bailout contributions, Slovak decision-makers preferred euro area consensus over deviating from that path for reasons of domestic concerns and political pressure. The dominance of the executive branch in crisis decision-making is particularly apparent in the Slovak case.

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[68] MS01-EXE04, personal interview conducted in Bratislava, 3 December, 2014.
[69] MS01-EXE04, personal interview conducted in Bratislava, 3 December, 2014.
[70] MS01-EXE04, personal interview conducted in Bratislava, 3 December, 2014.
[71] MS01-EXE03, personal interview conducted in Bratislava, 14 November, 2014.
[72] MS01-EXE02, personal interview conducted in Bratislava, 14 November, 2014.
[73] MS01-LEG02, personal interview conducted in Bratislava, 12 January, 2015.
[74] MS01-EXE04, personal interview conducted in Bratislava, 3 December, 2014.

7. Conclusion

The four cases represent commonalities but also notable differences when it comes to the constraint on the meaningful exercise of political citizenship. In a first step it was demonstrated how financial market pressure manifested itself in the different country contexts. Similarly, it was shown that, next to the exposure to direct financial market pressure on individual countries, there was political pressure from the EU-level which emanated from broader concerns about the stability and integrity of the euro area as a whole. There is clearly a different level of exposure to very direct financial market pressure. In Ireland, changes in the banking sector pushed decision-makers to adopt far-reaching policy decisions which in turn were also supported by political actors at the EU-level such as the ECB, as these actors feared a domino effect both with regard to the stability of the financial sector and the refinancing options for euro area countries. In the case of Austria, concerns about the overall stability of the euro area and to some its own banking sector led to some political pressure from the EU-level to put the country's budget in order. Otherwise, Austria was a net contributor to the financial assistance packages. In the case of Slovakia, political pressure was immense as the country levelled radical opposition to financial assistance arrangements which it viewed as unfair fiscal transfers to wealthier and less reform-oriented member states. Though Slovakia's contribution was small considering the overall size of the assistance programs, the country's opposition left a question mark with investors as to whether the euro area was able to set up viable solidarity arrangements in a decentralized decision-making environment. Finland was another net contributor for financial assistance programs and had to experience similar political pressure coming not only from the EU institutions but also from other member states to respond to financial market developments creating difficult economic situations in other parts within the euro area.

These pressures were translated into effective constraints on the meaningful exercise of the right to vote, the right to participation and the right to information. This was clearly reflected in the limited roles which national parliaments were able to play. First and foremost, party competition was limited inasmuch as mainstream political parties largely converged on the most important elements of EU crisis management. Out of the four case studies, only Austria saw no general election during the period between 2010 and 2012. Thus, it is not possible to form an ultimate judgment on what is conceived in the case of the other countries as lacking electoral competition. Yet, given the majority of Austria's grand coalition government and the history of grand coalitions in Austrian domestic politics there is little to suggest that campaign activities of Austria's mainstream political parties would have been different from parties in the other countries which were studied in this report. In the case of Finland, there was a change of government and coalition composition. Yet, still EU crisis management policies found sufficient backing. In Ireland the crisis triggered a landslide victory of the main opposition party and brought a new coalition government in office. Yet, in this case too and despite considerable politicization the new government only initiated minor changes to previous government policy which had been negotiated with the troika. In Slovakia, political leaders eventually put euro area consensus first despite very strong politicization and deviating claims during the previous election campaign when the extension of the EFSF was approved days after the Radicová government had collapsed. The main opposition party, Smer, stood ready to back the decision.

As far as the meaningful exercise of the right to participation is concerned, the four cases provide evidence for slightly different patterns of parliamentary activity vis-á-vis the executive branch. In Austria, the parliament formally possesses far-reaching powers to control the executive in relation to EU affairs, yet it did not use those powers inasmuch as it allowed for ‘loose mandates’ for ministers and/or refrained from mandating ministers altogether with the exception of meetings related to financial assistance provided by the ESM. In Finland, the case was slightly different, as the Eduskunta used its procedural prerogatives and mandated ministers ahead of Council and Eurogroup meetings. Yet, the Finnish parliament limited itself inasmuch as it relied on information mainly provided by the executive and the EFC/EWG technocratic elite network. In Ireland, the parliament is traditionally weak in relation to the government. In general, the Irish parliament did not manage to control final decisions of the government effectively. In Slovakia, the case was similar but its EU affairs committee managed to establish closer working relations with the executive, notably the finance ministry. In all cases, fast-track decision-making, and the complexity of the matters posed a serious challenge for parliamentarians to actively and effectively participate in discussions and decisions.

As far as the meaningful exercise of the right to information is concerned, as already argued, the Finnish parliament possesses the most far-reaching powers, yet it constrained itself for example by insisting to only read documents in Finnish. In Austria, parliamentarians reached out to their colleagues in the German Bundestag and the European Parliament to gain more information as they partially felt under-informed. In Slovakia information was kept away from parliamentarians through the scanning exercises of the finance ministry. In all cases, parliaments essentially relied on information received from the ministries. Though in Finland and Austria some public hearings were held with invited non-governmental experts these hearings did not represent significant inputs into the decision-making process. In all cases, the transnational technocratic elite network around the EFC/EWG played a key role in interpreting financial market pressure and proposing policy options. Members of this network were influential in ensuring that a euro area consensus would prevail eventually.

These findings confirm the conceptual framework advanced in bEUcitizen report ‘Constraints imposed by financial markets on political choice in the EU’ (Deliverable 8.1.). Notably, they confirm the two main hypotheses of this report. First, financial market developments require interpretation and not translate into political decisions in a quasi-automatic way even though decision-making pressure can be serve depending on the circumstances. Second, in the decentralized and multi-level context of euro area economic governance transnational elites around the EFC/EWG play a crucial role in interpreting financial market pressure and providing information and proposals for policy action to member state governments. The report showed that parliamentary actors too almost exclusively rely on this source. In some cases executive actors deliberately filter information but also linguistic issues, sheer time constraint and oversupply of information limit the options for parliamentary actors to effectively control the executive and scrutinize EU-level decision-making.

The report also showed that concerns about the integrity of the euro area as a whole function as the key constraining factor when it comes to electoral competition among mainstream political parties. In all country context mainstream political decision-makers put concerns about euro area consensus first and eventually resist domestic pressures to deviate from the main EU-level agreements. This quest for consensus, which is informed by concerns about euro area integrity, may also explain the crucial role of technocratic elites as the latter group offers options to agreement beyond ideological or party policy lines. Yet, this practice represents perhaps the greatest challenge to the meaningful exercise of European political citizenship. To conclude, euro area crisis management reveals a dilemma of democratic decision-making within a decentralized and multi-level context such as the one of euro area governance. Institutional options to overcome this dilemma are limited. Moreover, this report cautions against the idea that there are easy and uniform fixes to this problem as practices of executive-parliament relations vary from member state to member state. Nevertheless, the processes of crisis management in this report also reveal that there is ample room for improving parliamentary scrutiny and transparency if and where domestic political actors want to so.

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