

# A parliamentary assembly for the Eurozone?

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## ADEMU WORKING PAPER SERIES

# A Parliamentary assembly for the Eurozone?

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### Abstract

On 6 December 2017, the European Commission presented its policy package on ‘Completing Europe’s Economic and Monetary Union’. Some of the proposals it entails aim at improving the democratic accountability of the governance of the Eurozone. This paper examines how exactly this objective is supposed to be achieved, i.e. how national and European Parliaments are meant to be involved in this field. In doing so, it first considers the mechanisms that currently exist to this end and recalls some of the proposals previously made with the same goal, e.g. creation of a Eurozone sub-committee within the European Parliament or of a Eurozone parliament. Then, the proposals made by the Commission to enhance democratic accountability in the EMU are analysed, and it is contended that, overall, they are coherent with the content of the whole package, with previous statements, and with the interests of the EP. Yet, they appear insufficient, in particular because the involvement of national parliaments remains very limited.

**Keywords:** Eurozone Parliament; Democratic accountability; Eurozone; European Parliament; national parliaments

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## 1. Introduction

The idea that some sort of democratic accountability for the Economic and Monetary Union (EMU), and for the Eurozone more specifically, is needed is subject to a recurring, increasingly visible debate. Heads of States, and most prominently perhaps French President Macron,<sup>1</sup> have been regularly mentioning this issue. Think tanks contribute to this debate as well.<sup>2</sup> The European Commission (Commission) and other EU institutions,<sup>3</sup> as well as scholars<sup>4</sup> appear to be concerned by this question too. In fact, in its Reflection paper on the deepening of the EMU published in Spring 2017,<sup>5</sup> the Commission stated that ‘the institutional architecture of the EMU is a mixed system which is cumbersome and requires greater transparency and accountability’.<sup>6</sup> In particular, it noted that ‘the involvement of the European Parliament and the democratic accountability for the decisions taken for or on behalf of the euro area should be enhanced’.<sup>7</sup> To this end, the Commission proposed that the Economic Dialogue it maintains with the European Parliament (EP) should be formalized by the end of 2018, while it also proposed that these arrangements could be extended to other institutions, such as the Eurogroup.<sup>8</sup> Thus far, no change has intervened in this sense however. Likewise, the proposal for an ‘agreement on the democratic accountability of the euro area’ signed by the Commission and ‘other institutions and bodies taking decisions on or acting on behalf of the euro area’ before the next EP elections in 2019, and to be later integrated in the EU Treaties,<sup>9</sup> has not yet materialized. However, some aspects of the policy package on ‘Completing Europe’s Economic and Monetary Union’ presented by the Commission on 6 December 2017 do entail some elements to guarantee democratic accountability in the new or reformed mechanisms proposed.

Against this background, this paper aims at providing an evaluation of the changes of the accountability framework entailed in the Commission’s December policy package.

This paper is structured as follows. It first describes briefly the current mechanisms in place to ensure (collective) democratic oversight and accountability in the Economic and Monetary Union (EMU) (2). Other proposals currently under discussion are also recalled (3). It then turns to the Commission’s approach and proposals in its December package and provides an assessment thereof (4). The final part presents general conclusion (5).

## 2. Existing mechanisms for democratic accountability and oversight in EMU

In the framework of EMU, the standard accountability channels in EU matters naturally apply as well. According to article 10 Treaty of the EU (TEU), democracy is to be ensured by, on the one hand, the directly elected EP and, on the other, national parliaments tasked with controlling the actions of their respective government members sitting in the Council. However, these channels are insufficient to

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<sup>1</sup> ‘Initiative pour l’Europe - Discours d’Emmanuel Macron pour une Europe souveraine, unie, démocratique’, 26 September 2017, available at : <http://www.elysee.fr/declarations/article/initiative-pour-l-europe-discours-d-emmanuel-macron-pour-une-europe-souveraine-unie-democratique/> (6/3/2018).

<sup>2</sup> C. Grant et al, *Relaunching the EU*, Centre for European Reform, 2017, V. Kreiling and M. Larhant, ‘Does the Eurozone need a parliament?’, Policy paper 176, Jacques Delors-Notre Europe Institute, 2016.

<sup>3</sup> H. van Rampuy et al., ‘Four Presidents report. Towards a genuine Economic and Monetary Union’, 2012. J.-Cl. Juncker et al., ‘Five Presidents report. Completing Europe’s Economic and Monetary Union’, 2015.

<sup>4</sup> *Inter allia*, B. Rittberger, ‘Integration without Representation? The European Parliament and the Reform of Economic Governance in the EU’, *Journal of Common Market Studies*, 2014, 52(6), 1174-1183; B. Crum, ‘Saving the Euro at the cost of democracy?’, *Journal of Common Market Studies*, 2013, 51(4), 614-630;

<sup>5</sup> European Commission, ‘Reflection Paper on the Deepening of the Economic and Monetary Union’, 2017, esp. 17.

<sup>6</sup> *Id.*, 17.

<sup>7</sup> *Ibid.*

<sup>8</sup> *Id.* 27-28; more on the Economic Dialogue: D. Fromage, ‘The European Parliament in the post-crisis era: an institution empowered on paper only?’, *Journal of European Integration*, Special issue on ‘National parliaments, the European Parliament and the democratic legitimation of the European Union economic governance’ ed. D. Fromage and T. van den Brink, *Journal of European Integration*, in press.

<sup>9</sup> European Commission, ‘Reflection Paper on the Deepening of the Economic and Monetary Union’, 2017, 28.

ensure an adequate parliamentary control as neither the EP nor individual national parliaments alone are in a position to guarantee democratic control and accountability.<sup>10</sup> This is, for instance, due to the fact that the EMU comprises the monetary policy – an exclusive EU competence – and the economic policy in whose framework (enhanced) coordination at EU level was only recently upgraded. Additionally, and most importantly perhaps, the EU intergovernmental institutions, i.e. Council of the EU (Council) and European Council, cannot be held accountable collectively; only their individual members may be questioned by their respective national parliaments which are thus not in a position to effectively influence or hold these EU institutions to account. In other words, the sum of the controls conducted within each national parliament is not sufficient to guarantee the Council's and the European Council's accountability. Parliaments additionally also lack sufficient information: they suffer from informational asymmetry in favour of governments generally,<sup>11</sup> and the mechanisms in place to control their representatives in the Council and in the European Council are not always satisfactory.<sup>12</sup> Parliamentary oversight over the Eurozone-specific Euro Summits and Eurogroups are even less developed. The Treaty on Stability, Coordination and Governance (TSCG) formalized the Euro Summits at the level of the heads of State and governments and established some mechanisms for the involvement of the European Parliament. For instance, '[t]he President of the European Parliament may be invited to be heard [...] and t]he President of the Euro Summit shall present a report to the European Parliament after each Euro Summit meeting' (art. 12-5 TSCG). However, thus far, the EP's participation has not been very effective, both because there have been very few Euro Summits and because the EP President was not invited to make any statement at the beginning of the meetings that did take place.<sup>13</sup> This lack of involvement was however partly mitigated by the fact that the EP President was indeed invited to make a statement during the European Council meetings taking place in parallel to these Euro Summit meetings. European Council meetings have indeed been far more frequent – 17 regular meetings were organized between 2014 and 2017 vs 5 Euro Summit meetings – and the EP President is commonly invited to make a statement at the beginning of each meeting as per art. 235-2 TFEU, even if no obligation exists in this sense. Furthermore, the President of the European Council reports *ex post* to the EP (art. 15-6 TEU),<sup>14</sup> and he has regularly done so after Euro Summit meetings too.<sup>15</sup>

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<sup>10</sup> V. Kreiling, 'The new inter-parliamentary conference for economic and financial governance', *Notre Europe Policy paper*, 100, 2013, 3. Further on the absence of accountability vis-à-vis the two Councils: P.-Y. Monjal, 'L'Union européenne comme fédéralisme exécutif autocratique par nature irresponsable. La « responsabilité » comme possible clé explicative de la nature juridico-politique de l'Union' in *La responsabilité politique des exécutifs des Etats membres*. C. Geslot, P.-Y. Monjal and J. Rossetto (Ed.), Brussels, Bruylant, 2016, 25-40 and S. Roland, 'Un déficit démocratique peut en cacher un autre: la responsabilité politique du Conseil européen et du Conseil en question' in *La responsabilité politique des exécutifs des Etats membres*. C. Geslot, P.-Y. Monjal and J. Rossetto (Ed.), Brussels, Bruylant, 2016, 219-239.

<sup>11</sup> D. Curtin, 'Challenging Executive Dominance in European Democracy', *The Modern Law Review*, 1, 2014, 1-32, esp. 15.

<sup>12</sup> D. Fromage, 'Executive Accountability to National Parliaments in Post-Crisis EU Affairs: The Persistent Shortcomings in the Council and European Council Oversight' in *National Parliaments after the Lisbon Treaty and the Euro Crisis: Resilience or Resignation?*. D. Jancic (Ed.), Oxford, Oxford University Press, 2017, 159-175, S. Roland, 'Un déficit démocratique peut en cacher un autre: la responsabilité politique du Conseil européen et du Conseil en question' in *La responsabilité politique des exécutifs des Etats membres*. C. Geslot, P.-Y. Monjal and J. Rossetto (Ed.), Brussels, Bruylant, 2016, 219-239, 235-236, and W. Wessels and others, 'Democratic Control in the Member States of the European Council and the Euro Zone Summit', European Parliament study, 2013.

<sup>13</sup> D. Fromage, 'The European Parliament in the post-crisis era: an institution empowered on paper only?', Special issue on 'National parliaments, the European Parliament and the democratic legitimation of the European Union economic governance' ed. D. Fromage and T. van den Brink, *Journal of European Integration*, in press.

<sup>14</sup> Vanden Broucke, J. R., E.-M. Poptcheva and S. de Finance. "The European Council and its President." EPRS Briefing, 2014 and S. E. Anghel et al. "The European Council in 2015 Overview of Decisions and Discussions", EPRS In-depth analysis, 2016, 22f.

<sup>15</sup> D. Fromage, 'The European Parliament in the post-crisis era: an institution empowered on paper only?', Special issue on 'National parliaments, the European Parliament and the democratic legitimation of the European Union economic governance' ed. D. Fromage and T. van den Brink, *Journal of European Integration*, in press.

Interparliamentary cooperation between the EP and national parliaments, and amongst national parliaments, could contribute to increase their oversight capacities, in particular because interparliamentary cooperation allows them to exchange information and best practices. The TSCG foresees, in its article 13, that '[a]s provided for in Title II of Protocol (No 1) on the role of national Parliaments in the European Union annexed to the European Union Treaties, the European Parliament and the national Parliaments of the Contracting Parties will together determine the organisation and promotion of a conference of representatives of the relevant committees of the European Parliament and representatives of the relevant committees of national Parliaments in order to discuss budgetary policies and other issues covered by this Treaty'. On this basis, the Interparliamentary conference on Stability, Economic Coordination and Governance in the EU (SECG Conference) was established in 2013. After difficult and lengthy negotiations,<sup>16</sup> it started to function in 2015. Its aim is to 'provide a framework for debate and exchange of information and best practices in implementing the provisions of the Treaty in order to strengthen cooperation between national Parliaments and the European Parliament and contribute to ensuring democratic accountability in the area of economic governance and budgetary policy in the EU, particularly in the EMU' (art. 2.1., SECG Conference Rules of procedure). Nevertheless, after three years of regular meetings since the approval of its rules of procedure, it is still unclear whether this Conference can bring much added value. Such assessment naturally depends on the expectations each observer has, i.e. whether the conference is conceived of a sole forum for the exchange of information or whether it should bring more. Indeed, the perceived function of interparliamentary cooperation differs among national parliaments: some consider that it is only suited for debates on general issues whereas others conceive of it as a potential means to ensure the democratic legitimization of EU actions.<sup>17</sup> In any case, the undefined size of the national delegations – and indeed their largely varying size in practice –, the lack of continuity in the identity of the participating MPs and the fact that all decisions are taken by consensus are certainly weaknesses hampering the proper and efficient functioning of the Conference. This situation is, additionally, worsened by the fact that the secretariat and chairing responsibilities change as the presidency of the Council rotates, and by the fact that the first yearly meeting is included in the larger 'European Parliamentary Week' organized by the EP. Additionally, all Member States, and not only those that are signatories to the TSCG participate in the Conference.<sup>18</sup>

In sum, despite the specific recent mechanisms introduced by Eurocrisis law in the form of Economic Dialogue and the SECG Conference, the current level of democratic oversight and accountability in EMU does not appear to be fully satisfactory. In fact, the Commission itself has recently acknowledged that '[c]urrently, the EU Treaties do not provide much detail about democratic accountability on euro area matters'.<sup>19</sup>

### 3. Other proposals under discussion

The publication of the Commission's Package naturally did not intervene in a space void of debates regarding accountability in EMU and the lack of a dedicated forum to this end; in fact, numerous proposals have been made over the years.

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<sup>16</sup> I. Cooper, "Parliamentary oversight of the EU after the crisis: on the creation of the 'Article 13' interparliamentary conference." LUISS School of Government Working Papers SOG-WP21/2014, 2014 and V. Kreilinger, "The new inter-parliamentary conference for economic and financial governance", *Notre Europe Policy paper*, 100, 2013.

<sup>17</sup> A. Esposito. 'La cooperazione interparlamentare: principi, strumenti e prospettive' in Manzella, Andrea-Lupo, Nicola (ed.) *Il sistema parlamentare euro-nazionale*. Giappichelli, Turin, 2014, 133-182, 134.

<sup>18</sup> Further on these weaknesses: E. Griglio and N. Lupo, 'The Conference on Stability, Economic Coordination and Governance: Filling the Gaps of Parliamentary Oversight in the EU', Special issue on 'National parliaments, the European Parliament and the democratic legitimization of the European Union economic governance' ed. D. Fromage and T. van den Brink, *Journal of European Integration*, in press and V. Kreilinger and M. Larhant, 'Does the Eurozone need a parliament?', Policy paper 176, Jacques Delors-Notre Europe Institute, 2016, 6.

<sup>19</sup> European Commission, 'Reflection paper on the deepening of the Economic and Monetary Union', 2017, 27, available at: [https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-emu\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-emu_en.pdf) (14.3.2018).

Two of them will be briefly examined here to assess their potential and describe the context in which the Commission's proposals intervene. They are: the possibility to create a Eurozone EP sub-committee and the introduction of a dedicated Eurozone parliament, possibly by means of approval of a 'Treaty for the democratisation of a Eurozone' (T-dem).<sup>20</sup>

The question of a possible differentiation for Eurozone-specific matters within the EP has been debated largely, and rejected by the EP itself, for long.<sup>21</sup> This notwithstanding, the possibility to introduce such a committee with the participation of MEPs from all Member States gained momentum, and appeared likely, at the end of the past legislature (2014),<sup>22</sup> although it was never implemented at a later stage. Several hurdles to the implementation of any of these two proposals – creation of a Eurozone-specific structure with and without the participation of all MEPs – can be identified. They derive from the fact that MEPs, who represent 'citizens' (art. 10 TEU) i.e. citizens living both in Eurozone and non-Eurozone Member States, would potentially be led to participate and vote on Eurozone-specific matters. This, in turn, would be likely to undermine the democratic credentials of the decisions taken, since MEPs from non-Eurozone Member States would be involved in decisions that will eventually not be applied to the citizens who elected them.<sup>23</sup> It is equally true that decisions taken within the Eurozone also affect the economies of non-Eurozone Member States, but it is doubtful whether this suffices to compensate for the absence of correspondence between the MEPs involved and the citizens they represent. Furthermore, the recent rejection by the EP of elections based on transnational lists,<sup>24</sup> advocated, among others, by French President Macron, underlines again the relationship between MEPs and the Member States in which they are elected.

These issues would be avoided if a Eurozone sub-committee, which could be established under the current rules of procedure, were to be established within the Committee on economic and monetary affairs (ECON committee) for instance. It would not necessarily have to be only composed of MEPs elected in Eurozone Member States.<sup>25</sup> Even if all MEPs were to be involved in such a sub-committee, this possibility appears to be problematic for a number of reasons. First, the EP's core role is the representation of *all* European citizens. Attributing different roles and rights to MEPs would potentially create 'second order' MEPs thus implying the existence of 'second order EU citizens'.<sup>26</sup> Second, as stated above, there are good reasons for including MEPs from non-Eurozone Member States but this also involves issues of democratic legitimacy. Furthermore, if transnational lists were to be introduced at some point, the resulting situation would be particularly complex with up to three classes of MEPs. Finally, whatever the form it takes, a Eurozone-specific structure within the EP is unlikely to enhance democratic legitimacy in view of the limited interest of citizens for European elections and considering the limited (non-legislative) powers it could have under the current Treaties; it is thus unlikely that the creation of such a sub-committee would significantly increase transparency and citizens' understanding of EMU matters.

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<sup>20</sup> See also more generally on this issue: V. Kreilinger and M. Larhant, 'Does the Eurozone need a parliament?', Policy paper 176, Jacques Delors-Notre Europe Institute, 2016.

<sup>21</sup> D. Curtin and C. Fasone, 'Differentiated representation: is a flexible European Parliament desirable?' in *Between flexibility and disintegration. The trajectory of differentiation in the EU*, B. de Witte, A. Ott, E. Vos (ed.), Edward Elgar, Cheltenham, 2017, 118-145, 119.

<sup>22</sup> EU Observer, 'Would a Eurozone committee enrich the EU parliament?', 12 February 2014 and S. Verhelst, 'A Eurozone Subcommittee in the European Parliament: High hopes, low results?', European Policy Brief no. 31, Egmont Institute, 2014.

<sup>23</sup> *Id.*, 120.

<sup>24</sup> This was rejected on 7 February 2018.

<sup>25</sup> D. Curtin and C. Fasone, 'Differentiated representation: is a flexible European Parliament desirable?' in *Between flexibility and disintegration. The trajectory of differentiation in the EU*, B. de Witte, A. Ott, E. Vos (ed.), Edward Elgar, Cheltenham, 2017, 118-145, 133.

<sup>26</sup> D. Curtin and C. Fasone, 'Differentiated representation: is a flexible European Parliament desirable?' in *Between flexibility and disintegration. The trajectory of differentiation in the EU*, B. de Witte, A. Ott, E. Vos (ed.), Edward Elgar, Cheltenham, 2017, 118-145, 130.

Another proposal, which has been discussed for long, has consisted in the introduction of a ‘Eurozone parliament’, established either within the EU or by means of an international treaty, e.g. via the adoption of a Treaty for the democratisation of the governance of the Euro area.<sup>27</sup> Some have advocated the creation of a directly elected Eurozone Parliament, while others have envisaged that Eurozone MPs could form such a Eurozone chamber.<sup>28</sup> Proposals have, in any event, hardly been very detailed<sup>29</sup> and have not examined issues such as membership, prerogatives, composition and legal basis comprehensively.<sup>30</sup>

At a time when the Commission seeks to ‘repatriate’ the content of the TSCG in EU law, the adoption of an international treaty for the democratization of the EMU as proposed in 2017 by Hennette et al. appears highly unlikely. Additionally, the formula proposed by these authors that would involve both the EP and national parliaments (105 MPs and 25 MEPs or 320 MPs vs 80 MEPs),<sup>31</sup> and a maximum of 400 deputies,<sup>32</sup> is not optimal. It risks reproducing the issues experienced in the framework of the SECG Conference. It also does not explicitly address the question of the selection of MEPs, or the absence thereof and the problems that result from the respective choices. Amongst other things, the ‘different mandates, distinct legitimacy and contrasting functions and preoccupations’<sup>33</sup> MPs and MEPs have are not taken into account.

Apart from the more concrete proposals related to the potential creation of a sub-committee dedicated to Eurozone matters, the other proposals, and especially the T-dem, are thus, in our view, more useful to launch a debate on the existing shortcomings than solid proposals at this stage.

#### 4. The Commission December 2017 Package: Presentation and Assessment

Against this background, the proposals made by the Commission in its December 2017 policy package on ‘Completing Europe’s Economic and Monetary Union’<sup>34</sup> deserve to be examined to analyse what they entail, and whether they are likely to improve the current situation or not. Indeed, the Commission, and (some) Member States alike, consider that the framework of EMU should be strengthened now that Europe has finally started to recover from the economic and financial crisis. Should this project be successful, it would become all the more pressing to ensure adequate, and indeed tighter, levels of democratic accountability.

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<sup>27</sup> The idea of a second (or third) EU Eurozone chamber has been brought forward repeatedly, in particular by French politicians: E. Macron pleaded in favour of such a chamber as he was minister of economy (Ouest France, ‘Macron plaide pour un parlement de la zone euro à Strasbourg’, 4 September 2015). Former German minister of economy Wolfgang Schäuble was also in favour of such a reform (La Tribune, ‘Schäuble favorable à la création d’un Parlement de la zone Euro’, 11 May 2017) while this was one of the three main projects put forward by candidate B. Hamon during the latest presidential campaign (Le Parisien, ‘Hamon présente son projet de “new deal européen”’, 10 March 2017). He actually based himself on a draft (international treaty) for the democratization of the Euro area prepared by a group of academics (Stephanie Hennette et al. ‘Draft Treaty on the democratization of the governance of the Euro area (“T-Dem)”’. 2017. Available at: <http://piketty.pse.ens.fr/en/files/T-DEM%20-%20Final%20english%20version%209march2017.pdf>). A special issue of the journal *European Papers* has been dedicated to the T-dem (2018, advanced access available at: <http://www.europeanpapers.eu/en/news/european-papers-forthcoming-next-issue-ejournal>).

<sup>28</sup> D. Curtin and C. Fasone, ‘Differentiated representation: is a flexible European Parliament desirable?’ in *Between flexibility and disintegration. The trajectory of differentiation in the EU*, B. de Witte, A. Ott, E. Vos (ed.), Edward Elgar, Cheltenham, 2017, 118-145, 137.

<sup>29</sup> I. Cooper, ‘A Separate Parliament for the Eurozone? Differentiated Representation, Brexit, and the Quandary of Exclusion’, *Parliamentary Affairs* (2017) 70, 655–672, 656.

<sup>30</sup> More on this: Id.

<sup>31</sup> S. Hennette et al., *Pour un traité de démocratisation pour l’Europe*, Paris, Seuil, 2017, 17s.

<sup>32</sup> Art. 4 T-dem.

<sup>33</sup> A. Duff, ‘Genuine Economic and Monetary Union Will Be Federal or It Will Not Be’, *European Papers*, 2018 (advanced access), 6.

<sup>34</sup> [https://ec.europa.eu/info/publications/economy-finance/completing-europes-economic-and-monetary-union-policy-package\\_en](https://ec.europa.eu/info/publications/economy-finance/completing-europes-economic-and-monetary-union-policy-package_en) (14.3.2018).



This Package in fact builds upon other ideas already formulated earlier in 2017 in the Commission's Reflection paper on the deepening of the EMU for instance.<sup>35</sup> In that document, the Commission proposed that the Economic Dialogue could be formalised by the end of 2018, and that an 'agreement on the democratic accountability of the euro area' could be signed by Commission, EP and 'other institutions and bodies taking decisions on or acting on behalf of the euro area' (including the Eurogroup) before the 2019 EP elections; it should later on be integrated in the EU Treaties.<sup>36</sup>

In its Roadmap on Further steps towards completing Europe's Economic and Monetary Union,<sup>37</sup> the Commission set three clear priorities: Unity, Efficiency and Democratic Accountability.<sup>38</sup> According to the Commission, *unity* refers to the fact that the 'euro is the single currency of the EU', and that '[w]ith the exception of the United Kingdom and Denmark, all non-euro Member States are legally committed to joining the euro eventually'.<sup>39</sup> *Democratic accountability*, by contrast, is based on the assumption that '[c]ompleting the Economic and Monetary Union also means greater **political responsibility** and **transparency** about who decides what at the different levels'.<sup>40</sup> Interestingly, the Commission understands that '[t]his requires [...] making sure that both national Parliaments and the European Parliament have sufficient powers of oversight on the management of the EU's economic governance'.<sup>41</sup> Nevertheless, as highlighted below, a closer examination of the different proposals entailed in the Package shows that national parliaments are largely disregarded to the benefit of the EP. This is both in line with the objective of *unity* and with previous statements by the Commission: Prior to the establishment of the SECG Conference, the Commission clearly indicated that 'The European Parliament, and only it, is that assembly for the EU and hence for the euro.'<sup>42</sup> Whether such emphasis on the EP can really succeed in 'bringing the European dimension of decision-making closer to citizens and more to the forefront of national debates [...while also] lead[ing] to greater ownership of collective decisions and openness on the way they are taken and communicated'<sup>43</sup> is doubtful. The EP appears to be ill-suited to make these questions more salient in national debates and to bring them closer to citizens, whose interest for the European legislature has been sharply decreasing over the years, as illustrated by the very poor participation rates to recent EP elections.<sup>44</sup>

In its Roadmap, the Commission then provides an overview of the different measures it proposes. They are mainly five: 1. the establishment of a European Monetary Fund (EMF), 2. the integration in EU law of the 'substance' of the TSCG,<sup>45</sup> 3. the proposal of new budgetary instruments for the Eurozone, 4. some changes in EU funds and the Structural Reform Support Programme, and 5. the creation of a European minister of economy and finance. Of these five proposals, only three (1,2 and 5) contain provisions regarding national parliaments and/or the EP.

#### 4.1. EMF and parliamentary accountability

For what concerns the first proposal on the transformation of the European Stability Mechanism (ESM) in an EMF, it is noteworthy that one of the reasons for such integration of an international-law based

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<sup>35</sup> European Commission, 'Reflection paper on the deepening of the Economic and Monetary Union', 2017, available at: [https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-emu\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-emu_en.pdf) (14.3.2018).

<sup>36</sup> Id., 27-28.

<sup>37</sup> European Commission. Communication on Further steps towards completing Europe's Economic and Monetary Union: a Roadmap COM(2017) 821 final.

<sup>38</sup> Id. 2-3.

<sup>39</sup> Ibid.

<sup>40</sup> Id, 3, bold in the original.

<sup>41</sup> Ibid.

<sup>42</sup> Communication from the Commission. A blueprint for a deep and genuine economic and monetary Union Launching a European Debate. COM(2012) 777 final/2, 35.

<sup>43</sup> European Commission. Communication on Further steps towards completing Europe's Economic and Monetary Union: a Roadmap COM(2017) 821 final, 2017, 3.

<sup>44</sup> In 2009, the turnout was 42.97% whereas it was 42.61% in 2014. European Parliament, 'Results of the 2014 elections' <http://www.europarl.europa.eu/elections2014-results/en/election-results-2014.html>.

<sup>45</sup> European Commission. Communication on Further steps towards completing Europe's Economic and Monetary Union: a Roadmap COM(2017) 821 final, 2017, 4.

instrument in EU law is precisely the need to increase its transparency and accountability to the EP;<sup>46</sup> under the ESM, no mechanism exists to this end. The provisions the EMF proposal entails to achieve this goal are very similar to the ones already existing in the framework of the Banking Union, i.e. with regard to the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM).<sup>47</sup> The Regulation proposal's Title II (art. 5 and 6) is dedicated to accountability. Interestingly, it refers both to accountability towards the EP and the Council (art. 5) and to accountability towards national parliaments (art. 6), whereas in the SSM Regulation,<sup>48</sup> no specific relation of accountability towards national parliaments is established.<sup>49</sup> National parliaments' duty to ensure the accountability of the EFM is not aligned with the general principle according to which accountability should be guaranteed between institutions of the same level.<sup>50</sup> However, especially in the case of the future EFM which has thus far been governed by an intergovernmental agreement, a stronger role for national parliaments is certainly justified and could contribute to ensure more equal rights to all national parliaments: at present, some have to agree on the disbursement of ESM funds whereas others do not have such a right.

The EP is deemed to receive the EMF's annual report, its annual accounts and its financial statements. These documents shall be the object of the presentation by the managing director, and the EP can hold a general debate too (art. 5-2). The EP competent committees can hear the managing director on the execution of the EMF's tasks; he/she can also request to be invited (art. 5-3). Furthermore, the EP shall be entitled to receive answers to oral and written questions (art. 5-4). Confidential oral discussions can be held where necessary with the managing director, the chair and the vice-chair (art. 5-5), like they are already organized in the framework of the SSM and the SRM. The EP should also be consulted during the appointment process of the managing director (art. 7 Statute of the EMF<sup>51</sup>), whereas this does not happen at present in the framework of the ESM. However, it can be noted that this is less than the EP obtained in the framework of the SSM where it has a right of veto on the nomination of the Supervisory Board chair and vice-chair (Art. 26-3 SSM Regulation). This mere necessity to consult the EP is rather similar to the obligation that rest on Council members in the appointment procedure of ECB executive board members (art. 293-2 TFEU).

National parliaments are also involved in ensuring the EMF's democratic accountability as indicated, although to a minor extent. First, the Regulation proposal indicates that the reinforcement of the EP's prerogatives shall not 'affect[...] the way in which national governments are held to account by their own national Parliaments'.<sup>52</sup> Further to this '[f]or reasons of transparency and democratic control, national Parliaments should have rights to obtain information about the activities of, and to engage in a

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<sup>46</sup> Ibid. and European Commission, 'Proposal for a Council regulation on the establishment of the European Monetary Fund', COM(2017) 827 final, 3.

<sup>47</sup> See on these mechanisms: with a focus on the EP, F. Amtenbrink. and M. Markakis. 'Towards a meaningful prudential supervision dialogue in the Euro area? A study of the interaction between the European Parliament and the European Central Bank in the Single Supervisory Mechanism', ADEMU, Working Paper 2017/079, 2017, and taking both national parliaments and EP into account: D. Fromage and R. Ibrido, 'The 'Banking Dialogue' as a model to improve parliamentary involvement in the Monetary Dialogue?', special issue on "National parliaments, the European Parliament and the democratic legitimation of the European Union economic governance" edited by D. Fromage and T. van den Brink", Journal of European Integration, in press.

<sup>48</sup> Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.

<sup>49</sup> Article 21 SSM Regulation is simply entitled 'national parliaments' by contrast to article 20, containing the provisions on the EP and the Council, entitled 'accountability and reporting'.

<sup>50</sup> C. Zilioli, 'The Independence of the European Central Bank and its New Banking Supervisory Competences' in *Independence and Legitimacy in the Institutional System of the European Union* edited by D. Ritleng, Oxford: Oxford University Press, 125-179, 176.

<sup>51</sup> Annex to the Proposal for a Council Regulation on the establishment of the European Monetary Fund COM(2017) 827final.

<sup>52</sup> Point 8, Recitals, Proposal for a Council Regulation on the establishment of the European Monetary Fund COM(2017) 827 final.

dialogue with the EMF'.<sup>53</sup> As to the concrete instruments granted to them to this end, they shall receive the EMF's annual report as it is forwarded to the EP and the Council, and they may address their reasoned opinions on that report to the EMF (art. 6-1). Additionally, they can ask the EMF to reply in writing to any observation or question they may have (art. 6-2) and they may 'invite the Managing Director to participate in an exchange of views in relation to the progress made regarding the implementation of the financial stability support' (art. 6-3). These rights are identical to those national parliaments have vis-à-vis the ECB in the framework of the SSM.

Given that the legal basis chosen for this proposal is the flexibility clause (art. 352 TFEU), unanimity will be required in the Council, and the EP will have to give its consent too. As per article 352-2 TFEU, national parliaments' attention also has to be drawn to this proposal by the Commission. In some Member States such as Germany, additional safeguards have been put into place which de facto give a right of veto to national parliaments.<sup>54</sup> This means that on the one hand, the EP can be expected to seek to enhance its role during the negotiations and to condition its consent to this. On the other hand, this also implies that (some) national parliaments will, at the very least, have to remain properly informed and may be keen on expressing their opinion on the proposal generally. So far, three have already submitted their contribution to the Commission in the framework of the Political Dialogue;<sup>55</sup> further developments will have to be monitored in the future.

The question of parliaments' role in the context of the new EMF was in fact debated on the occasion of the latest European Parliamentary Week/SECG Conference meeting held in Brussels in February 2018.<sup>56</sup> During the debates, participating MPs and MEPs expressed their concerns related to the name of the fund, which several participants did not find suitable mostly because of its reference to the *monetary* policy and its resemblance with the International Monetary Fund, which exercises a different function.<sup>57</sup> Other comments were made in relation to the legal basis chosen (art. 352 TFEU) or the conditions of co-existence of, and the balance between the EU and the Eurozone. Eventually, relatively little attention was devoted to parliaments' role in the framework of the new EMF, though there was a call in favour of a Eurozone parliament.

#### 4.2. The introduction of the 'substance' of the TSCG in EU law.

The second proposal contained in the Commission Package concerns the introduction of the 'substance' of the TSCG in EU law. In this case, the Commission's position appears to be rather ambivalent towards the SECG Conference. In its Roadmap, it indeed states that '[t]he proposal also stresses the value and maintains the practice of inter-parliamentary meetings held annually by the European Parliament'<sup>58</sup> thereby simply neglecting the fact that the presidency parliament organises a meeting during the second half of the year as well. This is both coherent with previous Commission statements, and with its plea for unity. However, in the proposal itself,<sup>59</sup> the Commission's wording is much more neutral. It declares that 'Article 13 of the TSCG lays down that budgetary policies and other issues covered by that Treaty will be discussed in the framework of inter-parliamentary meetings held by the European Parliament and the national Parliaments of the Contracting Parties [...]. This Directive should apply without

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<sup>53</sup> Point 11, Recitals, Proposal for a Council Regulation on the establishment of the European Monetary Fund COM(2017) 827 final.

<sup>54</sup> In Germany, article 8 Act on the Exercise by the Bundestag and by the Bundesrat of their Responsibility for Integration in Matters concerning the European Union (Responsibility for Integration Act – IntVG) requires that a law is adopted before the German represent in the Council may give its consent to a proposal made on the basis of article 352 TFEU.

<sup>55</sup> Data extracted from the Platform for EU interparliamentary exchange (IPEX) (22/3/2018).

<sup>56</sup> Programme available at: [http://www.epgencms.europarl.europa.eu/cmsdata/upload/d42a1204-3d78-4a65-a25e-f08a2d71290f/EPW\\_ART\\_13\\_2018\\_-\\_EN\\_15\\_02\\_18\\_FINAL\\_DRAFT.pdf](http://www.epgencms.europarl.europa.eu/cmsdata/upload/d42a1204-3d78-4a65-a25e-f08a2d71290f/EPW_ART_13_2018_-_EN_15_02_18_FINAL_DRAFT.pdf).

<sup>57</sup> The debates can be watched at: <http://www.europarl.europa.eu/ep-live/en/other-events/video?event=20180220-0900-SPECIAL-UNKN>.

<sup>58</sup> Id., 8.

<sup>59</sup> Proposal for a Council Directive laying down provisions for strengthening fiscal responsibility and the medium-term budgetary orientation in the Member States COM(2017) 824 final.

prejudice to that practice, since such dialogue contributes to enhancing democratic accountability in the context of the Union's economic governance'.<sup>60</sup> Whilst this statement is more accurate and in line with current practice, it will, on the other hand, not contribute to reduce the shortcomings that exist in the functioning of the SECG Conference.

Additionally, the legal basis chosen – art. 126-14(2) TFEU on the possibility for the Council to adopt provisions to replace the protocol on the excessive deficit procedure – only foresees the consultation of the European Parliament. Unlike in the case of the EFM, it will not be in a position to strengthen its role. This absence of reinforcement of the SECG Conference, and of parliaments' role more generally, is arguably less problematic than the lack of adequate mechanisms for parliamentary participation in the framework of an EMF would be. Indeed, the content of this Directive is quite alien to the original TSCG for its main aim is to enhance the harmonization of national fiscal policies. It does not entail additional transfers of decision powers to the EU level, and in that sense does not require any radical change in parliaments' standing. Nevertheless, the Commission could have perhaps sought to solve some of the issues which have emerged in practice since the launch of the Conference in 2013, even if it did not attribute it any decision-making capacities.

#### 4.3. The creation of a European Minister of Economy and Finance

Like the introduction of the ESM in EU law, the creation of a European Minister of Economy and Finance is supposed to contribute to 'ensure strong parliamentary scrutiny at EU level'.<sup>61</sup> In the introduction to the Communication itself, it is indeed foreseen that 'the Minister would [...] contribute to strengthening the transparency of EU policy-making [and] accountability towards the European Parliament'.<sup>62</sup> This new European Minister would be a Vice-President of the Commission and he/she would simultaneously become the President of the Eurogroup, who also currently chairs the Board of Governors of the ESM. The EP would gain some accountability rights it currently lacks over the ESM/EFM and the Eurogroup since the ESM and the Eurogroup interact with the EP on a voluntary basis, and since Commission members are accountable to it and subject to a hearing prior to their appointment. It remains to be seen whether such specific accountability mechanisms towards an individual commissioner would be in line with the Commission's collective responsibility towards the EP though.<sup>63</sup> In any event, if they were to be implemented, these provisions, combined with the EP's foreseen consultation during the appointment procedure of the EFM's managing director (see 3.1.), would provide it with comprehensive instruments to enhance the transparency and the accountability of the EFM's management and decision-making procedure. It would also open complementary avenues of enhanced accountability of Eurozone-specific bodies. At present, the EP has limited rights to be involved in the framework of Euro Summits meetings and, in fact, they have thus far remained largely inefficient as remarked above. Through the creation of a double-hatted European Minister, the EP would be somehow involved in the framework of the EFM and it could also ask questions and request information of the Eurogroup. The number and variety of tasks attributed to the Minister (i.e. Commissioner, Eurogroup Chair and EFM Board of governors Chair) could, nevertheless, make it more difficult for MEPs to seek accountability since it may not be always easy to identify in whose framework they should interrogate the Minister on its different functions.

For what concerns national parliaments, the Communication foresees that '[t]he Minister [...] would also be available for dialogues with national parliaments'.<sup>64</sup> It can be very much doubted whether this

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<sup>60</sup> 17, Recitals, Proposal for a Council Directive laying down provisions for strengthening fiscal responsibility and the medium-term budgetary orientation in the Member States COM(2017) 824 final.

<sup>61</sup> Id., 10.

<sup>62</sup> European Commission, Communication 'A European minister of economy and finance' COM(2017) 823 final.

<sup>63</sup> More on this point: M. Patrin, 'A European Finance Minister: Form follows function, but is it legal? A legal analysis of the European Commission's proposal to create a European Minister of Economy and Finance', *ADEMU Working paper*, forthcoming.

<sup>64</sup> European Commission, Communication 'A European minister of economy and finance' COM(2017) 823 final, 7.

would change anything to current practice. Indeed, since the beginning of the Juncker Presidency, there has been, on the side of the Commission, a strong willingness to increase direct contact between, on the one hand, commissioners and, on the other, national parliaments. President Juncker notably created the figure of first vice-president for Better Regulation, Interinstitutional Relations, the Rule of Law and the Charter of Fundamental Rights in charge of, among other responsibilities, ‘Coordinating the work on better regulation within the Commission, ensuring that every proposal respects the principles of subsidiarity and proportionality, which are at the heart of the Commission's work’ and of ‘Overseeing the European Commission's relations with the other European institutions and promoting a new partnership with national Parliaments’.<sup>65</sup> Furthermore, Commission President Juncker clearly assigned the vice-president in question the task to ‘[c]oordinat[e] and strengthen[...] the interaction of all Commissioners with national Parliaments as a way of bringing the European Union closer to citizens and forging a new partnership with national Parliaments’.<sup>66</sup> In 2014, whereas 21 visits of the Barroso Commissioners took place during the first ten months of that year, nine visits could be organised during the last two months of the year after Jean-Claude Juncker took office.<sup>67</sup> Comparatively, this total of 30 visits by commissioners represented an increase, as the number was only one third of this in the previous year.<sup>68</sup> In 2015, their number kept increasing: members of the Commission carried out over 200 visits and the President, the Vice-Presidents and the Commissioners themselves visited almost all of the 28 Member States.<sup>69</sup> Similar trends continued to be observed in 2016.<sup>70</sup> This increase is further confirmed by 11 out of 39 parliaments/chambers that indicated in October 2016 that the number of visits by commissioners had ‘significantly’ increased and another 16 of them considered that it had ‘somewhat’ done so.<sup>71</sup>

It is thus easy to imagine that these ‘dialogues’ between the Minister/Commissioner and national parliaments will amount to similar exchanges as those that already exist in the framework of the Political Dialogue. They are hence unlikely to contribute to the effective and systematic accountability of the Minister.

#### 4.4. Overall assessment

Beyond the individual assessment already provided as regards each of the individual proposals, some overall remarks can be made.

The Commission’s position against a specific regime for the Eurozone is, first, in line with its previous statements, with its plea for unity and with the opinion against differentiated integration it voiced in its State of the Union 2017.<sup>72</sup> Like the EP, it considers that the EP is also the assembly of the Eurozone and is the (only) organ capable of ensuring democracy accountability. The upcoming Brexit, after which Euro area economies will represent 85% of the EU’s Gross Domestic Product,<sup>73</sup> indeed points towards Euro-area membership becoming the norm. However, an enlargement to all EU Member States in the near future is highly unrealistic, both for economic reasons but also because it is difficult to imagine that Sweden will join the Eurozone for instance. The Commission’s deference vis-à-vis the EP could be justified by the EP’s reluctance to cooperate truly with national parliaments where its own institutional

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<sup>65</sup> [https://ec.europa.eu/commission/2014-2019/timmermans\\_en](https://ec.europa.eu/commission/2014-2019/timmermans_en).

<sup>66</sup> Mission letter of Jean-Claude Juncker to Frans Timmermans, 1 November 2014, 4.

<sup>67</sup> European Commission, Annual report 2015, 2016, 11. Of course the fact that the Barroso Commission was finishing its term of office might have played a role too.

<sup>68</sup> European Commission, Annual report 2014, 2015, 8-9.

<sup>69</sup> Note that some of these visits to parliaments took place in the framework of larger roadshows dedicated to the promotion of specific initiatives, such as the Investment plan for Europe. European Commission, Annual report 2015, 2016, 11.

<sup>70</sup> European Commission, Annual report 2016, 2017, 11.

<sup>71</sup> COSAC, 26<sup>th</sup> bi-annual report 2016, 22.

<sup>72</sup> This is visible in particular in its preference for a ‘sixth scenario’. President Jean-Claude Juncker’s State of the Union Address 2017 available at: [http://europa.eu/rapid/press-release\\_SPEECH-17-3165\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-17-3165_en.htm).

<sup>73</sup> European Commission. Communication on Further steps towards completing Europe’s Economic and Monetary Union: a Roadmap COM(2017) 821 final, 3.

position has not been sufficiently guaranteed, like in EMU. As indicated above, the proposal for an EMF is made on the basis of the flexibility clause which requires the EP's consent. The Commission, well aware of this, might have thought to ensure that the EP would not block its proposal. In principle the Commission's ideas could work well, but in reality, they remain unsatisfactory and ill-suited to truly ensure adequate democratic accountability in EMU.

## 5. Conclusion

The proposals made by the Commission in its December Package to enhance democratic accountability in the EMU, and especially in relation to the role of national and European parliaments, are overall coherent with the content of the whole package, with previous statements, and with the interests of the EP.

At the same time, the Commission has not provided effective solution to reach the target it identified – i.e. to 'bring[...] the European dimension of decision-making closer to citizens and more to the forefront of national debates [...while also] lead[ing] to greater ownership of collective decisions and openness on the way they are taken and communicated'<sup>74</sup> – as national parliaments have remained largely set aside. Furthermore, the Commission has disregarded fully proposals that had previously been put forward by (some) Member States, scholars and think tanks.

In light of all the above, this appears to be a missed opportunity for the Commission. National parliaments' role should be enhanced to bridge the gap between EU and national levels, in particular if the European Semester is amended and further strengthened as could be the result of future EMU reforms. The introduction of effective mechanisms to guarantee a more effective democratic accountability in the EMU will arguably only be reachable by means of Treaty change, and such a delicate evolution does not seem to be up for debate at this stage. This notwithstanding, the Commission could, and probably, should have made better use of the possibilities it had to improve democratic accountability in this field, by, for instance, promoting interparliamentary cooperation and by acknowledging its importance, instead of focusing mostly on the EP and promoting status quo.

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<sup>74</sup> European Commission. Communication on Further steps towards completing Europe's Economic and Monetary Union: a Roadmap COM(2017) 821 final, 20170, 3.