

"Building a capacity to decide"

Intervention of the **Secretary General of the European Parliament Klaus Welle** at the **in-house Seminar of the European Central Bank** on *Democratic Scrutiny in the new Eurozone Architecture* (Frankfurt/Main, 28 September 2012):



European Central Bank headquarter in Frankfurt/Main

Both, in the original paper of the four Presidents¹ and in the issues paper² in preparation of the Sherpas meeting, the question of democratic accountability is not given the attention it deserves. This is astonishing as democratic accountability is the central issue as i.e. the Karlsruhe Constitutional Court in several rulings has made any further steps in integration dependent on this.

It has nevertheless to be acknowledged that the other Institutions are open and even expect a significant contribution from the European Parliament on this issue.

It is therefore crucial to define early in the process how the EP wishes to see this important principle materialise.

It is thus necessary to complement a well established vision on the policies and instruments to be established by a set of proposals on democratic scrutiny.

To reinforce democratic scrutiny there are four principle angles open which could be followed in the Van Rompuy process:

1. Concrete decision making rights and political control of the European Parliament in the banking union, the fiscal union and the economic union to be established.
2. Other measures to strengthen the democratic process below the level of treaty change improving the overall system.
3. Political Union through treaty changes.
4. Role of National Parliaments.

¹ Report *Towards a Genuine Economic and Monetary Union*, presented by Herman Van Rompuy, President of the European Council, Brussels, 26 June 2012

² *Issues Paper on Completing the Economic and Monetary Union*, Herman Van Rompuy, President of the European Council, Brussels, 12 September 2012

1. Concrete decision making rights of the European Parliament in the banking union, in the fiscal union and in the economic union

Banking union

New authorities like a single Banking Supervision Authority, a Banking Resolution Authority and a Deposit Guarantee Fund are being suggested and will likely be created in the foreseeable future. They have to be submitted to the political control of the European Parliament as they are exercising executive power.

To ensure proper scrutiny, Parliament must acquire a capacity to decide based on globally accepted principles of democratic accountability:

- hearing and consent for in-coming chair persons of the newly established authorities;
- regular reporting with a right for the European Parliament to object. If necessary, to call on the European Court of Justice;
- ad-hoc hearing procedures;
- right to audit.

For these authorities the European Parliament should strive to achieve full budgetary control including competence of the Court of Auditors and full jurisdiction of the European Court of Justice comparable to those of executive agencies.

An adequate democratic oversight could be established on the banking supervision activities of the ECB inspired by the well established practices of the US Congress.

A pragmatic working agreement may also be sought with the managing Board of the ESM to provide effective contact and cooperation.

Fiscal union

High standards of democratic accountability should also apply to the *Troika* that has a decisive role for program countries.

This should include hearing and consent on the *Troika* chief, regular reporting from the *Troika* to the European Parliament, ad-hoc hearings and right to audit *Troika* action. The European Parliament should make sure that the *Troika* respects the core principles of the European Union, including the subsidiarity principle.

At this stage, the implementation of high democratic accountability standards for the *Troika* may be achieved through a working agreement with the European Commission that is partly responsible for the appointment and the support of the *Troika*.

By doing so the European Parliament is naturally complementing the role of the respective National Parliaments which find themselves in a weak position as recipient of financial support.

An eventual additional European fiscal capacity should be integrated into the EU-budget. The ongoing MFF negotiations offer an opportunity to establish the necessary own resources.

Economic union

It remains unlikely to see the launching of new European common policies before the next European elections. Proposals may nonetheless be put forward in the fields of taxation, defence (more pooling and sharing, common procurement), industrial policy and research policy.

Enhanced cooperation in the framework of the existing Treaty should be considered the natural way to deepen the Union in these domains if progress among 27 proves impossible.

2. Other measures to strengthen the democratic process below the level of treaty change improving the overall system

The possibilities to strengthen the democratic process within the framework of the Lisbon Treaty are far from exhausted.

Candidates for President of the European Commission, nominated well in advance of the European elections by European Political Parties, provide the citizens with a real choice on the main actors and the political direction of European politics without any legal change necessary.

Additionally Declaration 11 of the Lisbon Treaty still offers enormous potential but needs thoughtful implementation.

"11. Declaration on Article 17(6) and (7) of the Treaty on European Union

The Conference considers that, in accordance with the provisions of the Treaties, the European Parliament and the European Council are jointly responsible for the smooth running of the process leading to the election of the President of the European Commission. Prior to the decision of the European Council, representatives of the European Parliament and of the European Council will thus conduct the necessary consultations in the framework deemed the most appropriate. These consultations will focus on the backgrounds of the candidates for President of the Commission, taking account of the elections to the European Parliament, in accordance with the first subparagraph of Article 17(7). The arrangements for such consultations may be determined, in due course, by common accord between the European Parliament and the European Council"

The European electoral law still offers a variety of possibilities to progress pragmatically.

Candidates for the European Parliament should be known to the electorate at least six weeks before the election date. These nominations should follow good practices of democratic process. Elections should close everywhere at 20.00 hrs to allow results to be known all over Europe the same evening. The name of the European political party should appear together with the name of the national political party on the ballot paper. The possibility to revoke a mandate of a member during the legislature should be barred.

The distribution of seats in the European Parliament shall take the number of citizens represented in an objective way into account.

The most recent proposal of the European Commission for a European legal statute for European political parties should be quickly adopted.

The Council of Ministers may decide to organize itself with a more visible parliamentary dimension in all the questions where Council acts as legislator.

3. Political Union through treaty changes

Any future modification of the Treaties must improve the decision-making process. It means to generalise the qualified majority voting and transform the remaining special legislation procedures into ordinary ones (co decision).

Fiscal Compact Treaty and *ESM Treaty* should be integrated into European Treaties.

The European Debt Agency and the Treasury should be community institutions and be placed under the authority of a Minister for Economic and Monetary Affairs that could be a Vice-President of the Commission (with required changes in Article 17 and 18 TFEU).

4. Role of National Parliaments

The cooperation between the European Parliament and the National Parliaments finds its legal basis in the Lisbon Treaty and the fiscal compact.

The European Parliament will continue to share information and expertise with National Parliaments at every relevant level, but considers the Council of Ministers, acting as a kind of first legislative chamber, as prime responsible. The role of National Parliaments continues to be first and foremost the control of their own national governments.

The cooperation with National Parliaments and their role in the field of implementation of EU decisions should be addressed.

The European Parliament shall encourage the governments of Member States to consult with National Parliaments on issues related to the EMU and to the financial mechanisms that will support it before making any final commitment.

The European Parliament shall also encourage the Council of Ministers to organize itself so that this contribution of National Parliaments is fully taken into account and made visible.