

Economic surveillance and coordination mechanisms won't work without proper scrutiny by national parliaments

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The principle of strengthening national parliaments in the EU's legislative process has attracted substantial attention in recent years. Perhaps more important, however, is their role in economic governance. After the European Council of 17-18 March endorsed the policy priority areas of the Annual Growth Survey, [Valentin Kreiling](#) writes that national parliaments can play a key role in scrutinising the economic policy surveillance and coordination of the so called 'European Semester'.



The economic and financial crisis has exposed the failure of the original Maastricht settlement with its weak controls over national fiscal and economic policies. In reaction to the crisis, a wide range of measures to strengthen coordination and surveillance have been adopted.

But the Economic and Monetary Union is not viable in its current form because member states have not sufficiently oriented their fiscal and economic policies to the requirements of the monetary union. They don't comply with numerical rules just because they entered contractual agreements. Ownership has been a buzzword of economic governance for a long time, but it still captures the heart of the problem: National governments and parliaments do not see recommendations from European coordination and surveillance mechanisms as 'theirs'.

Despite the creation and the strengthening of the [European Semester](#), the EU's yearly cycle of economic policy coordination, acceptance of the common rules and compliance of member states with coordination and surveillance mechanisms are still too low. Involving national parliaments has been acknowledged as important for ensuring legitimacy, ownership and accountability in the Economic and Monetary Union: In June 2015, the [Five Presidents' Report](#) explicitly called for a 'renewed' and 'more integrated' European Semester.

Most national parliaments scrutinise the European Semester's Stability and Convergence Programmes and National Reform Programmes that their governments have to submit to the European Commission by 30 April each year. Hearings with European Commissioners also take place in national parliaments.



But just like elsewhere in the European Semester, such as in terms of parliamentary scrutiny procedures and progress on the implementation of their Country-Specific Recommendations, member states have varying performance records. Using data on [prerogatives in the European Semester](#) and on the [implementation record of Country-Specific Recommendations](#), it is possible to assess member states' adaptation to the European Semester: Denmark is the clear frontrunner, while a group of six member states (Belgium, Czech Republic, Hungary, Luxembourg, Slovakia and Slovenia) is lagging behind.

Table: National adaptation to the European Semester

| IMPLEMENTATION RECORD OF COUNTRY-SPECIFIC RECOMMENDATIONS | NEW PREROGATIVES OF THE NATIONAL PARLIAMENT | | |
|---|--|-------------------|---------------------|
| | NONE | SOME | FAR-REACHING |
| Low | Belgium Czech Republic Hungary Luxembourg Slovakia Slovenia | Bulgaria | Italy |
| Medium | Germany Malta Poland Romania Sweden United Kingdom | Austria Latvia | France Lithuania |
| Highest | Estonia Finland Netherlands | Spain | Denmark |
| COUNTRIES "UNDER PROGRAMME" IN 2013, NO COUNTRY-SPECIFIC RECOMMENDATIONS RECEIVED | Cyprus Ireland Greece | | Portugal |

Source: Valentin Kreilinger, *National parliaments, surveillance mechanisms and ownership in the Euro Area*, Studies and Reports n°110, Jacques Delors Institut – Berlin, March 2016, p. 8, based on data by [Deroose and Griesse \(2014\)](#) and [Rittberger and Winzen \(2015\)](#).

Public opinion is more favourable towards the coordination of economic policies than commonly assumed: In those countries that had a low implementation record for Country-Specific Recommendations and whose national parliaments did not obtain new prerogatives in the European Semester, citizens were particularly in favour of a preliminary consultation between EU institutions and national political institutions in the drafting process of national budgets (72 per cent in these six countries against 65 per cent among all member states, according to the 2012 [European Parliament Eurobarometer survey](#)).

In a broader perspective, the governance structures, decisions and recommendations associated with the common currency are suffering from a legitimacy deficit. This relates to emergency measures, like providing financial guarantees and support to individual member states whose currency is the euro, as well as to the severe

conditionality tied to these rescue packages: Only a few national parliaments, such as the German Bundestag, have [robust veto powers](#), others have not – the national parliaments of countries that had to sign a ‘Memorandum of Understanding’ often find their role reduced to rubber-stamping austerity measures.

A [major overhaul of the Economic and Monetary Union](#) is needed and should consist of a package that contains more division of sovereignty, more risk sharing and more democracy. Transferring, sharing or pooling sovereignty is the problem for some countries – more risk sharing is the problem for others. And while, in principle, nobody objects to more democracy, there is no agreement on the precise steps to be taken to organise better democratic control of the Economic and Monetary Union and alleviate the legitimacy deficit.

Parliamentary scrutiny of the day-to-day coordination and surveillance of fiscal and economic policies could address the problem that adaptation of national parliaments to the stronger surveillance and coordination mechanisms in the Economic and Monetary Union has so far only happened in an asymmetric way. Properly involving parliaments in order to address the lack of national ownership in the coordination and surveillance procedures should become a key element in the institutional dimension of completing the Economic and Monetary Union.

Such a strengthening of parliamentary scrutiny could happen at the national and the European level (national parliamentary scrutiny over national governments; the European Parliament’s scrutiny over the European Commission), but cross-level scrutiny (e.g. more hearings of EU Commissioners in national parliaments; and more hearings of national ministers in the European Parliament) or inter-parliamentary scrutiny (joint scrutiny by national parliaments and the European Parliament over the executives) should also take place more often.

The author has recently published a paper on this topic: [“National parliaments, surveillance mechanisms and ownership in the Euro Area”](#) (Studies and Reports n°110, Jacques Delors Institut – Berlin, March 2016).

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Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.

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