

Overseeing the European Commission in the European Semester

The European Commission is often described as the EU's central executive authority – reminiscent of national executives (Egeberg 2009; Wille 2013). Like regular governments, the Commission has a political and an administrative arm: on the one hand, the Commission's leadership is ensured by a politically appointed/elected President working in a team of twenty-seven Commissioners (one from each Member State); on the other hand, the Commission's administrative apparatus is composed of policy-area-specific departments with permanent staff named DGs (European Union 2016). But while the Commission may be the central actor in the EU's 'accumulated executive order' (Curtin and Egeberg 2008), it is by far not the only one. Other actors with executive functions include the Council (in non-legislative policy areas), the committee infrastructure (known as 'comitology' in relation to implementing acts), or EU agencies (Curtin 2009; Egeberg 2006; Trondal 2010). Among these actors, the Commission is a classic supranational institution that conducts independent policy activities within the limits of the mandate delegated by Member States (Majone 2001; Pollack 1997).

In the EMU, the Commission's executive powers increased considerably over time. In the initial intergovernmental framework of the Maastricht Treaty, the Commission played a support role to finance ministers in the Eurogroup and the ECOFIN Council – the main actors responsible for agenda-setting and decision-making in the field (Puetter 2012, 2014). The centrality of intergovernmentalism in the EMU was consolidated at the start of the euro crisis when heads of state and government in the European Council took the lead in setting the reform agenda (Fabbrini 2013). Yet one of the outcomes was the empowerment of the Commission. In the new governance framework for economic and fiscal policy coordination – known as the European Semester – the Commission acquired a strong implementing role (Dehousse 2016). Since 2010, the Commission has allocated significant

resources to monitoring and enforcing the myriad of Semester rules on excessive deficits, macroeconomic imbalances, or structural reforms (Bauer and Becker 2014; Savage and Verdun 2016). In addition, the Commission became involved in the implementation of financial assistance programmes as part of the Troika (later ‘Quadriga’) – an informal partnership with the ECB, the IMF, and later the ESM (European Stability Mechanism 2019: 77). Nowadays, the Commission is an influential actor in the EMU, performing key executive functions in the day-to-day management of EU economic governance and financial assistance (where applicable).

To counter the Commission’s expansion of executive powers from a democratic perspective, a new transparency and accountability mechanism was institutionalised in the aftermath of the crisis. This referred to the Economic Dialogues held regularly in the EP’s relevant committees. Established by the Six-Pack (2011) and Two-Pack (2013) regulations, the Economic Dialogues allowed MEPs to ask the Commission questions about the European Semester and its various instruments. In addition to the Commission, the EP organises Economic Dialogues with the ECOFIN Council and the Eurogroup (see Chapter 6), as well as with invited national governments (European Parliament 2019a). The present chapter examines the content of Economic Dialogues with the Commission alongside the use of written questions related to the European Semester. On the one hand, the analysis is based on transcripts of Economic Dialogues with relevant Commissioners held at the ECON Committee or jointly with the Employment and Social Affairs (EMPL) Committee. On the other hand, the study includes Semester-related letters sent by MEPs from 2010 (since the launch of the European Semester) until the 2019 EP elections.

The findings reveal a keen interest from MEPs in the activities of the Commission in the European Semester and the problems thereof. In contrast to oversight interactions with the ECB on banking supervision (covered in Chapter 4.3), parliamentary questions to the Commission focus on requests for justification of conduct and concrete changes to policy priorities or decisions. One problem, however, is the low number of follow-up questions, demonstrating the diversity of political and national interests of MEPs regarding the activity of the Commission in economic governance. For its part, the Commission engages with most questions openly, albeit there is a clear tendency to defend conduct and maintain previous courses of action – regardless of what the EP says. Although the Commission does not have the ECB’s independence nor its strict secrecy regime, there is little evidence of Commissioners’ willingness to rectify their conduct in response to requests from MEPs. Against the expectations set out in Chapter 3.3.2, the EP does not

exercise ‘High control’ of the Commission in the European Semester; in fact, their oversight relationship is a mixture of ‘Answerability’ and ‘Transparency’ – depending on the strength of questions asked by MEPs on different issues.

The chapter is divided as follows. The first part reviews the Commission’s role in the EMU before and after the euro crisis. Against this background, the second part maps out the possible issues that could arise in the EP oversight of the Commission on the European Semester. Next, the chapter moves to the empirical analysis of Economic Dialogues and connected parliamentary letters to the Commission. In line with Chapter 4, the analysis includes an overview of the profile of questioners and respondents, the types of questions asked, and the categories of answers provided. The conclusion problematises the findings in light of the six scenarios of legislation oversight identified in Chapter 3.3.

5.1 BACKGROUND: THE EUROPEAN COMMISSION IN THE EMU

The European Commission was involved in the creation of the EMU but became a minor player in the ensuing institutional framework of the Maastricht Treaty. Former Commission President Jacques Delors chaired the ‘Delors Committee’ (1988–1989), a group of like-minded central bank governors and economic policy experts who produced the blueprint for the EMU (Verdun 1999). But while Member States agreed to establish gradually the EMU at Maastricht, they made a deliberate decision to empower in the field intergovernmental bodies at the expense of the Commission (Bickerton *et al.* 2015). From a delegation perspective, it would have been easier to have a supranational actor with extensive competences in economic governance in order to reduce decision-making costs and provide the stability of a permanent bureaucracy (Majone 2001: 103). In fact, it is both more complex and more expensive to organise intergovernmental meetings intermittently instead of relying on the resources of a long-term supranational administration. Yet Member States were not inclined to delegate such competences to the Commission. As macroeconomic and fiscal policy coordination were ‘core state powers’ – central to national sovereignty and the understanding of statehood in modern politics – Member States opted for a particular governance arrangement that ensured that the EU would not turn into a federation (Genschel and Jachtenfuchs 2016). Careful of the Commission’s standing as the main EU supranational institution and a proactive ‘engine of integration’ in the past (Pollack 1998; Sweet and Sandholtz 1997), governments sought to curtail its competences in the EMU from the onset. The following pages describe the ensuing institutional arrangements in detail.

First, unlike in other policy fields, the Commission lacked its traditional right of initiative in the EMU, which meant it had less power to shape policy negotiations between national governments (Dyson 2000: 69). The key instrument adopted in the field (the SGP) came at the initiative of German Finance Minister Theo Waigel and was then taken over and adjusted by the Commission (Costello 2001: 106–107). This is not to say that the Commission had no influence whatsoever in setting the economic governance agenda, but its role was diminished – shared with Council senior expert committees (Puetter 2014: 193). In this respect, the most important bodies were the Economic and Financial Committee (EFC) and its Eurozone configuration, the Eurogroup Working Group (EWG). In an unconventional move, the EFC secretariat was located inside the Commission rather than the Council Secretariat, which allowed the institution to provide expertise to committee meetings and test policy proposals before they reached the agendas of the ECOFIN Council and the Eurogroup (Heipertz and Verdun 2010: 68).

Second, the implementation of the SGP did not change the intergovernmental dynamic established at Maastricht. Hellen Wallace described the arrangement as ‘intensive transgovernmentalism’ – an EU decision-making mode in areas at the heart of national sovereignty in which the European Council set the overall direction of the policy, the Council consolidated cooperation by bringing together national policy-makers into dense networks, the Commission played a marginal role, while the EP and the CJEU had no involvement whatsoever (Wallace 2005: 87). Alternatively, Bickerton and colleagues proposed the term ‘new intergovernmentalism’ to capture the phenomenon, focusing on the deliberative and consensus-seeking nature of decision-making in the European Council and the Council, in parallel to the Commission’s open support of intergovernmental decision-making in sensitive policy areas (Bickerton *et al.* 2015: 711–712). In both accounts, the reduced role of the Commission is clear.

In fact, in the first decade of EMU, the Commission served as a small administration helping with the implementation of the SGP and economic policy coordination. The main focus was compliance with budgetary rules, namely the 3 per cent deficit-to-GDP threshold and the 60 per cent debt-to-GDP ratio (Protocol 12 TEU). In this context, the Commission’s powers were limited to monitoring national economic and budgetary policies and ‘sounding the alarm’ if a government broke deficit rules (Hodson 2011: 4). Within the Commission, the key departments involved were DG ECFIN and Eurostat, the statistical office in charge of gathering economic and social data (Dyson 2000: 69–70). The problem, however, was that Commission forecasts were dependent on data provided by national authorities, which could easily use

‘creative accounting’ to update their budgetary reporting whenever they were close to breaking deficit rules (Buti *et al.* 2003: 5). Moreover, before initiating any recommendation against a country, the Commission required the political endorsement of the College of Commissioners, which could refuse to support the imposition of sanctions on their own Member State (Schuknecht *et al.* 2011: 9).

The difficulties in implementing the SGP came to the fore in the early 2000s. In the context of declining economic circumstances, several Eurozone countries ran excessive deficits: Portugal (in 2001 and 2005), France and Germany (2002), Greece and the Netherlands (2003), as well as Italy (2004) (Morris *et al.* 2006: 16). The Commission made multiple recommendations to the Council to give countries early warnings (Germany and Portugal in 2002) or notices that sanctions are forthcoming (France and Germany in 2003), but the Council did not adopt them (Morris *et al.* 2006: 17). Faced with strong opposition from the same governments ignoring deficit rules, the Commission had to be ready to engage in a ‘losing battle’ or retreat before proposing unfeasible recommendations (Heipertz and Verdun 2010: 126–127). In the cases of France and Germany in 2003, the Council decided to hold the EDP ‘in abeyance for the time being’ (Council of the European Union 2003), meaning that the rules were simply suspended by virtue of Council conclusions. The Commission challenged the outcome before the CJEU, which acknowledged the misuse of Council conclusions in the case but accepted that the Council could *de facto* hold the EDP in abeyance when there was no qualified majority to adopt a formal decision.¹⁸ However, the willingness of the Commission to start litigation on the matter showed that it took its role as ‘guardian of the Pact’ seriously and sought to strengthen legal obligations in the EDP (Hodson and Maher 2004: 801).

A similar dynamic can be found in respect of the lack of sanctioning mechanisms in the implementation of the BEPGs. Originally adopted in 1993, the BEPGs expanded in scope over the years and came to include a variety of issues such as structural reforms in labour and capital markets, redirecting expenditure towards economic growth, or pension reform (Deroose *et al.* 2008: 828). Moreover, the BEPGs had a stronger legal basis than the Open Method of Coordination (today Article 121(4) TFEU), which technically should have increased the Commission’s influence in providing country-specific guidelines. However, the first case selected for a warning under Article 121(4) – namely Ireland in 2001 – raised suspicions about the Commission’s impartiality in reprimanding small as opposed to large Member

¹⁸ Case C-27/04, *Commission v. Council*, ECLI:EU:C:2004:436.

States (Heipertz and Verdun 2010: 118). Politically, it was tactless to chastise a government with a strong growth record and a budget surplus at a time when other countries had clear deficits problems (Hodson 2011: 81). Although the reasons for warning Ireland revolved around tax cuts in deviation from earlier BEPGs, the case set a precedent for domestic political backlash against Commission recommendations in economic governance.

Based on these experiences, the Commission sought to reform the SGP in 2004. Its key proposals included (1) paying more attention to country-specific conditions when assessing deficits and surpluses, (2) considering debt sustainability (in addition to deficits) in the medium and long term, (3) dealing with ‘inadequate budgetary developments’ earlier in the process of economic policy coordination, and (4) taking into account economic circumstances in the implementation of the EDP (European Commission 2004). The final text adopted by the Council is considered a watered-down version of the original SGP rules and could not solve the problem of weak enforcement (Morris *et al.* 2006: 22). In fact, all the difficulties of the post-Maastricht period – the patchy implementation of rules, the broad Council discretion in decision-making, and political control by large Member States – were bound to diminish the Commission’s influence in the field.

The reforms of the euro crisis have strengthened the Commission’s position in the EMU, as discussed in the following pages.

5.1.1 *The Euro Crisis and the Empowerment of the Commission in the EMU*

The euro crisis brought significant reforms to the EU economic governance architecture (Chapter 2.1.1). For the Commission, the most significant development was undoubtedly the introduction of the European Semester – an umbrella framework for the coordination of Member States’ economic, budgetary, and social policies. The name ‘Semester’ is actually a misnomer because the process is an annual one. For the Commission, there are three ‘peak’ moments during the year. Every November, the Commission publishes its ‘Autumn Forecast’, including an Annual Growth Survey (AGS), an Alert Mechanism Report (AMR) for macroeconomic imbalances, a Joint Employment Report, general recommendations for the Eurozone, as well as individual opinions on each government’s Draft Budgetary Plans (DBPs). February is the month of Country Reports, when the Commission assesses Member States’ progress towards implementing their respective reform agendas and provides In-Depth Reviews (IDR) for countries with macroeconomic imbalances highlighted in the AMR. After receiving Member States’ national reform programmes (on economic issues) and stability and

convergence programmes (on budgetary issues), the Commission starts preparing CSRs – which are officially proposed in May and adopted by the Council in June (European Commission 2020b). In 2015, the Juncker Commission adjusted the process by reducing the number and scope of CSRs for each Member State in order to focus ‘on “key priority issues of macro-economic and social relevance” identified as actionable and monitorable within a twelve–eighteen month timescale’ (Zeitlin and Vanhercke 2018: 163).

Furthermore, the Semester strengthened the Commission’s role in the EDP and created a new instrument – the MIP – designed to monitor and assess macroeconomic imbalances in the Member States. In the EDP, the Commission benefited from a stricter timeline for scrutinising DBPs, which allowed its policy recommendations to be included in countries’ final budget proposals (EU Regulation 473/2013, Article 1[1c]). In addition, the Commission’s autonomy in the field was consolidated through the introduction of ‘reverse qualified majority’ in the Council when voting on sanctions for breaking excessive deficit rules (Dehousse 2016: 620). This ensured that Commission recommendations would be automatically adopted unless there was a qualified majority of Member States voting to overturn the recommendation. In the MIP, the Commission evaluated whether countries suffered from simple ‘imbalances’ or imbalances that were ‘excessive’ and required ‘corrective action’ (Regulation (EU) No. 1176/2011). Similar to the EDP, if a government failed to correct excessive imbalances, it could receive a fine following a recommendation from the Commission (Regulation (EU) No. 1174/2011).

From an organisational perspective, the distribution of staff within Commission DGs mirrored the institution’s expansion of powers. In the early years of the crisis, both DG ECFIN and the Eurostat team in charge of macroeconomic and fiscal surveillance saw an inflow of new personnel (Savage and Verdun 2016: 107–111). More generally, the Commission allocated significant human and financial resources to producing Country Reports and the CSR process, which required the close coordination of the Secretariat-General, DG ECFIN, and DG EMPL (Maricut and Puetter 2018: 206). Overall, the Semester implied a steady increase in the Commission’s monitoring and enforcement capacities in economic governance – stronger than before the euro crisis and different from its traditional role in agenda-setting (Bauer and Becker 2014).

To counter this expansion of powers, the legislation establishing the European Semester included provisions regarding the accountability of the

Commission to the EP in the field. To this end, five regulations of the Six-Pack and the two regulations of the Two-Pack specified that:

In order to enhance the dialogue between the institutions of the Union, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the President of the Council, the Commission and, where appropriate, the President of the European Council or the President of the Eurogroup to appear before the committee to discuss: [list of specific instruments].¹⁹

The list of instruments captures different elements of the new EU economic and fiscal governance framework: from the BEPGs to the AGS, the MIP, the EDP, Commission opinions on DBPs, the application of the SGP and general results of multi-lateral surveillance, including enhanced surveillance in the Eurozone and macroeconomic adjustment programmes (de la Parra 2017: 107). The language of the regulations is open-ended, referring to a ‘dialogue’ where the Commission is invited to ‘discuss’ its activities in the field and ‘inform’ the EP of the application of the regulations (see, in particular, Article 18 of Regulation (EU) No. 472/2013). This is different from a classic oversight ‘hearing’ where the purpose is to allow members of parliament to interrogate executive actors and ask them to justify and defend their conduct. Nevertheless, the Economic Dialogues open the possibility for accountability interactions and allow MEPs to question EU Commissioners on economic and fiscal governance issues. The evaluation of the Commission’s activities in the field is not conflict-free – as discussed in the next section.

5.2 THE ACCOUNTABILITY OF THE COMMISSION IN THE EUROPEAN SEMESTER: KEY ISSUES

From a political accountability perspective, the relationship between the EP and the Commission is the closest the EU comes to the principal–agent model in parliamentary democracies (Fearon 1999; Strøm 2000). In line with the Treaties, the EP has institutionalised procedures for the investiture and removal of the College of Commissioners (through motions of censure),

¹⁹ In the Six-Pack, the text is listed in Article 2a-b of Regulation (EC) No. 1466/97 as amended by Regulation (EU) No. 1175/2011; Article 2a of Regulation (EC) No. 1467/97 as amended by Regulation (EU) No. 1177/2011; Article 3 of Regulation (EU) No. 1173/2011; Article 14(1) of Regulation (EU) No. 1176/2011; and Article 6 of Regulation (EU) No. 1174/2011. In the Two-Pack, the text is listed in Article 7(1) and Article 15(1) and (3) of Regulation (EU) No. 473/2013 as well as in Article 3(9), Article 7(1), (4) and (10), and Article 18 of Regulation (EU) No. 472/2013.

parliamentary questions, committees of inquiry, and budgetary control (European Parliament 2019b; Remáč 2019). On paper, the EP has all the regular scrutiny instruments necessary to oversee the activity of the College of Commissioners as a political body with executive powers. There are, however, structural limitations to the process. Most significantly, EP political groups fail to function as ‘transmission belts’ between citizen preferences and policy outputs in the same way as parties in national settings (Lindberg *et al.* 2008; Mühlböck 2012). Even if citizens were to endorse a particular political programme in EP elections, their preferences will not be translated into the Commission’s policy agenda because of the numerous veto points in the EU decision-making process (Hix and Høyland 2011: 131–133). That means that political accountability lines are short-circuited, especially when it comes to the responsiveness of the Commission to the EP (after investiture) or the extent to which the EP can use sanctions against the College. The most notable instance of EP oversight of the Commission – namely the threat of a motion of censure that led to the resignation of the Santer Commission in the late 1990s – concerned corruption allegations (Topan 2002), not substantive policy issues. Holding the Commission accountable politically is difficult because it requires parliamentary majorities in a multi-party, multi-national system with ever more fragmented interests (Hix and Høyland 2013; Hobolt 2019). Indeed, the government–opposition dynamic is not straightforward in EP oversight of the Commission: if anything, what seems to play a role is whether MEPs are members of opposition parties at the national level (Jensen *et al.* 2013; Proksch and Slapin 2011).

Despite these limitations, the EP’s accountability relationship with the Commission remains the most developed among EU executive actors, which is why it is reasonable to expect a higher level of EP control of the Commission in the EMU. In the post-crisis period, there were at least three specific concerns regarding the performance of the Commission in the economic governance framework of the European Semester. The list below has been compiled from existing literature and is not exhaustive, meaning that these are not the only problematic issues in the conduct of the Commission likely to be challenged by the EP or other accountability forums. However, for the purposes of the analysis below, the three elements are sufficient to frame parliamentary questions in the Economic Dialogues.

First, there is the Commission’s supposed neutrality in assessing various tools of the European Semester. In theory, the process of defining budgetary deficits, macroeconomic imbalances, or progress towards structural reforms is apolitical, based on the Commission’s technocratic expertise (Radaelli 1999). Indeed, the staff of Commission services – such as DG ECFIN and Eurostat – comprise

specialists with in-depth economic and statistical knowledge as well as familiarity with the EU economic governance architecture. The official institutional discourse is that the European Semester is a ‘rule-based’ coordination and surveillance framework (Angerer *et al.* 2019: 17) in which the Commission is responsible to check whether national governments have complied with the rules and their own commitments in the process of economic and budgetary coordination. In practice, however, technocratic decisions are more political than they appear (cf. Boswell 2008). For example, the Commission has significant discretion to decide what constitutes a ‘structural deficit’ and whether countries are making progress towards achieving their respective objectives (Dawson 2016: 66). The same applies to the MIP, where the Commission can draw the line between a simple imbalance and one that is harmful enough to require corrective action (Dehousse 2016: 620).

The leeway of the Commission in taking executive decisions in the European Semester has been on display on multiple occasions since the crisis. In 2015, the Commission gave France a two-year extension to correct its excessive deficit despite the fact that EDP rules would have suggested the application of sanctions as the next ‘rule-based’ step (European Commission 2015b). A year later, when asked on French television why the Commission did not pursue sanctions against France, President Jean-Claude Juncker candidly replied ‘because it is France’ (Guarascio 2016). The answer sparked controversy across Europe, attracting criticism from Eurogroup President Jeroen Dijsselbloem, who accused Juncker of damaging ‘the credibility of the Commission as guardian of the [stability] pact’ (EurActiv 2016). In 2016, the Commission also decided against imposing fines on Spain and Portugal for failing to correct their budgetary deficits, taking into account their ‘challenging economic environment, [their] reform efforts, and their commitments to comply with the rules of the SGP’ (Smith-Meyer 2016). The only instance when the Commission sanctioned a Member State in the EDP – namely Spain in 2015 – was not for breaking deficit rules but for manipulating statistical data on budgetary and debt levels (Savage and Howarth 2018: 213).

In addition, the Commission’s discretion in the interpretation of rules is present in other areas of the Semester. In the early years of the MIP, the number of countries subject to an IDR or flagged for having imbalances and excessive imbalances increased steadily, making authors question the utility of an instrument that includes so many diverse issues (e.g. Bokhorst 2019: 296). A report from the ECA condemned the Commission’s practice of connecting multiple CSRs to the MIP although they were only ‘remotely linked to macroeconomic imbalances’ (European Court of Auditors 2018: 7). Yet despite the wide use of the MIP, the Commission has never opened the Excessive

Imbalances Procedure (EIP) for any Member State, not even for governments failing to correct imbalances in consecutive years (Zoppè 2020: 11). One of the long-standing disputes of the MIP concerns Germany's account surplus, seen by Southern Eurozone governments as a way of exploiting 'demand in neighbouring countries that have trade and current account deficits, [instead of] stimulating greater domestic demand in Germany, increasing investment, and importing more' (Gnath *et al.* 2018: 5). Economists recognise the problem that definitions of thresholds for account surpluses are ultimately arbitrary (Gros and Busse 2013), so the Commission has leeway to decide when an imbalance exists and if it is excessive. Overall, these examples show that the Commission's technical decisions are much more political than it appears on the surface (see also van der Veer and Haverland 2018). From an accountability perspective, the issue is whether the Commission treats Member States equally or alternatively, if it shows bias against some countries while 'turning a blind eye' to deviations by others.

The second major concern regarding the Commission's conduct in the European Semester refers to the effectiveness of its instruments. Given that the Commission has invested considerable resources into economic and social policy coordination since the crisis (Savage and Verdun 2016), it is legitimate to ask whether the Semester is taken seriously at the domestic level and if it produces concrete results. In this context, the notion of 'results' refers to both the transposition of CSRs into national priorities and the actual effects of the Semester on the economy (in terms of unemployment, growth, labour market flexibility, etc.). The poor transposition record of CSRs into national priorities is well known in the specialised literature and has only worsened over time (Alcidi and Gros 2017; Darvas and Leandro 2015; Efstathiou and Wolff 2018; Maatsch 2017). As to the effects of the Semester on various economic indicators, there have been several lines of criticism throughout the years. In respect of the first CSRs, the Commission was accused of adopting a 'one-size-fits-all' approach towards Member States, without taking into account the specificities of their political economies (D'Erman *et al.* 2019; Regan 2017). At the same time, critics observed the asymmetry between economic and social issues among Commission recommendations, as social concerns were subordinated to fiscal discipline and structural reforms (Costamagna 2013; Hermann 2017; Parker and Pye 2018). While the Commission sought to expand its social priorities since the crisis – especially during Juncker's mandate (European Commission 2019: 2) – many voices remain sceptical whether the Commission's core 'neoliberal' views to the Semester have genuinely changed (Copeland and Daly 2018; Dawson 2018).

Last but not least, the third major concern regarding the Commission's accountability in the post-crisis context refers to its activities in the Troika (later the 'Quadriga'). While financial assistance is not formally part of the Semester (or the EU legal framework for that matter), the Commission is responsible for implementing loan programmes in a 'tangled governance' arrangement that additionally involves the ECB, the IMF, and since 2015 the ESM (Henning 2017). More specifically, the Commission's role in bailout negotiations raises questions about its handling of 'programme countries' as well as the policy reforms required from indebted governments. In terms of process, the Commission has tasks in (1) the initial evaluation of a country's application for financial assistance, (2) the ensuing negotiations with the applicant state on the conditions attached to each loan, and (3) the monitoring of compliance with agreed conditions (Bauer and Becker 2014: 218). The new tasks put the Commission in an 'uncomfortable dual role' where it was forced to act as a 'punitive surveying institution' in conflict with governments of programme countries while at the same time keeping all its other competences – including guardian of the Treaties (European Stability Mechanism 2019: 81–82). In terms of policy substance, the Commission remained a staunch supporter of austerity measures throughout the crisis, demanding that indebted governments enforce fiscal discipline and structural reforms in exchange for financial assistance (Schmidt 2020: 186). As growth remained low and unemployment skyrocketed in programme countries, accountability forums came to contest both the effectiveness of austerity measures and the lack of democratic oversight of the Troika more generally (European Parliament 2014f).

Overall, the increase of Commission powers in the EMU not only strengthened the supranational institution but also opened it to criticism on different grounds. From the perspective of democratic accountability, it is essential to understand whether the Commission's empowerment in the field was accompanied by appropriate oversight mechanisms. Focusing on the EP, the remainder of the chapter presents the practice of parliamentary questions on the Commission's activities in economic and fiscal policy coordination – as envisaged by the Six-Pack and the Two-Pack regulations.

5.3 OVERSEEING THE COMMISSION IN THE EUROPEAN SEMESTER

The analysis below includes a list of all the Economic Dialogues, which occurred between January 2012 and May 2019, covering the 7th and 8th parliamentary terms. In addition to committee meetings, the data includes letters with questions on the Semester sent to the Commission by individual or

groups of MEPs in the period under focus. Written questions are not specific to economic governance; instead, they are part of regular oversight instruments of the EP vis-à-vis the Commission, according to Rule 138 of the current Rules of Procedure (European Parliament 2020a). The goal is to see whether there is any variation between oral and written questions on the European Semester.

Keeping in mind that the Six-Pack entered into force in December 2011, the first Economic Dialogue with the Commission took place at the ECON Committee in June 2012. Since then, there were typically two or three Economic Dialogues per year: one held at the ECON Committee and the other(s) jointly with the EMPL Committee. The joint meetings were attended by both Commissioners for ECOFIN (Olli Rehn during 2010–2014 and Pierre Moscovici during 2014–2019) and EMPL (László Andor during 2010–2014 and Marianne Thyssen during 2014–2019). Since December 2014, all meetings were also attended by the Vice-President for the Euro and Social Dialogue, Valdis Dombrovskis. One exception was 2016 when there was an additional ‘structured dialogue’ held jointly between the ECON Committee and the Committee on Regional Development (REGI). The subject of this meeting was the possible suspension of structural funds to Spain and Portugal as a sanction for failing to reduce their budgetary deficits as part of the EDP (Regulation 1303/2013, Article 23[15]). The structured dialogue was attended by the Vice-President for Jobs, Growth, Investment and Competitiveness, Jyrki Katainen, and the Commissioner for Regional Policy, Corina Crețu. During the years when only two Economic Dialogues took place, they were usually organised in November/December to discuss the Commission’s ‘Autumn Forecast’ and in June to debate the CSRs. In 2013, 2015, and 2016, an additional joint Economic Dialogue was held in April to cover Country Reports and the results of the MIP. In 2014, 2016, and 2017, there was a supplementary Economic Dialogue at the ECON Committee on the DBPs of Eurozone countries. Figure 5.1 offers an overview of the twenty Economic Dialogues identified in the period under investigation.

In terms of the format of Economic Dialogues, meetings held solely at the ECON Committee are better organised and easier to follow than joint meetings. This is related to the number of speakers allowed per session: in the ECON Committee, Commissioners respond to one MEP at a time, which makes it easier to establish if questions have been answered or not. After the EP elections of May 2014, once there were two Commissioners present in each meeting, Dombrovskis and Moscovici started to take turns answering questions in order to avoid the duplication of replies. By contrast, joint ECON/EMPL meetings have the practice of grouping three–four MEPs together, who jointly ask around ten

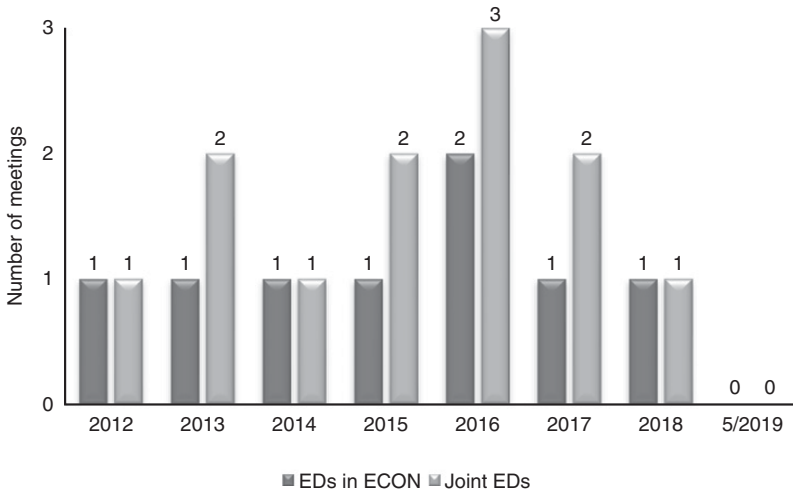


FIGURE 5.1 Economic Dialogues with the European Commission (December 2010–May 2019). Joint Economic Dialogues can be organised with the ECON Committee and the EMPL Committee or with the ECON Committee and REGI Committee

questions, which are then answered by three Commissioners. The second format facilitates evasion, as Commissioners can focus their answers on a couple of questions and leave the rest unanswered due to the lack of time. Since an Economic Dialogue typically lasts 1.5 hours, it is challenging for committee chairs to make MEPs keep to the time allocated, especially since many of them start their questions with a short political declaration on the issues at hand.

Moving to written questions sent by MEPs to the Commission, these were identified on the EP website using a keyword search for the main Semester instruments.²⁰ Taking into consideration that written questions were not dependent on the adoption of the Six-Pack, the data set includes letters exchanged between December 2010 (the official launch of the European Semester) and May 2019. A total of 255 documents were retrieved from the EP website, including 141 letters with questions and 114 letters with answers from the Commission. Typically, the Commission has an interval of six weeks to reply to written questions, meaning that letters sent at the end of year will be answered the following year. Moreover, the Commission can use one response to answer several letters

²⁰ The search retrieved letters including the keywords ‘European Semester’, ‘CSRs’, ‘MIP’, ‘EDP’, ‘AMR’, ‘AGS’, ‘SGP’, ‘Six-Pack’, and ‘Two-Pack’.

from MEPs, so the number of letters with questions and letters with answers need not be equal. There is one instance when an MEP clearly abused the possibility to ask questions: on 21 June 2012, Portuguese MEP Diogo Feio (EPP) sent 27 letters to the Commission asking for the CSRs for each Member State – including the Commission’s specific findings, challenges faced by national governments, and recommendations to improve them. However, since the Commission had already published (and publicised) the CSRs that year, the questions cannot be considered a form of oversight but rather an attempt by the MEP to boost his record of parliamentary activity.²¹ In this respect, Diogo Feio was an outlier; other MEPs used the instrument of written questions more purposefully. Figure 5.2 shows the yearly division of letters identified, with 2012 an exception as explained above.

In respect of structural opportunities for oversight (Chapter 3.3), the availability of oral and written questions suggests that MEPs have many chances to exercise oversight of the Commission with regard to the European Semester. The following pages describe the findings of the analysis in detail, starting with the profile of questioners and respondents.

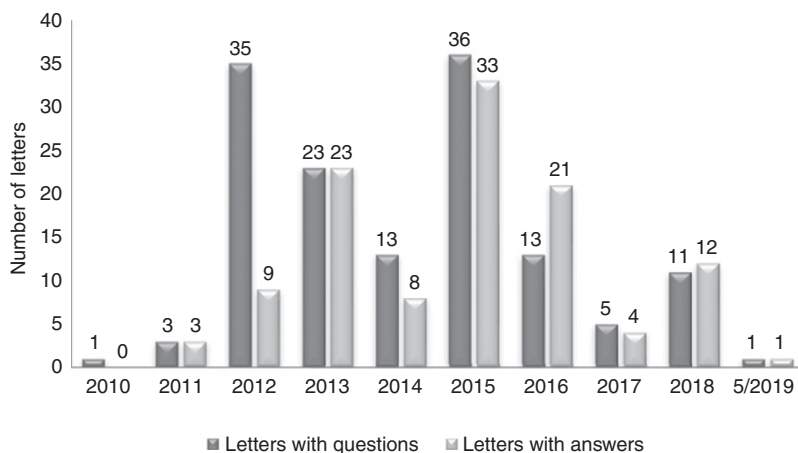


FIGURE 5.2 Letters with questions and answers exchanged between MEPs and the European Commission on the European Semester (December 2010–May 2019)

²¹ Judging by the sheer number of parliamentary questions, Diogo Feio was one of the most active MEPs of his term, having sent over 1,400 questions during 2009–2014 (VoteWatch Europe 2014: 6). However, if most of his questions were as the ones identified here, his high parliamentary activity is an obvious example of quantity over quality.

5.3.1 Profile of Questioners and Respondents

Who are the MEPs who ask questions of the Commission on the European Semester? Figures 5.3 and 5.4 illustrate the nationality of the 319 MEPs identified as asking oral questions during the Economic Dialogues with the Commission in the period under focus. Each MEP is only counted once despite asking multiple questions when taking the floor in a committee meeting. Accordingly, MEPs from Germany (14%), Spain (13%), Portugal (13%), and France (12%) asked the most oral questions of the Commission on the Semester.

In respect of party affiliation, the distribution among political groups reflects the number of seats they hold during a parliamentary term, in line with the EP's Rules of Procedure (Rule 171; European Parliament 2020a). Consequently, the most active political groups were the EPP (29%), the S&D (24%), ALDE (10%), the Greens/EFA (10%), and GUE–NGL (9%).

For written questions, the breakdown of nationality and political affiliation does not look very different. A total of 183 MEPs sent 141 letters to the Commission on Semester topics, with the general tendency that most letters are single-authored. As illustrated in Figures 5.5 and 5.6, most letters were sent

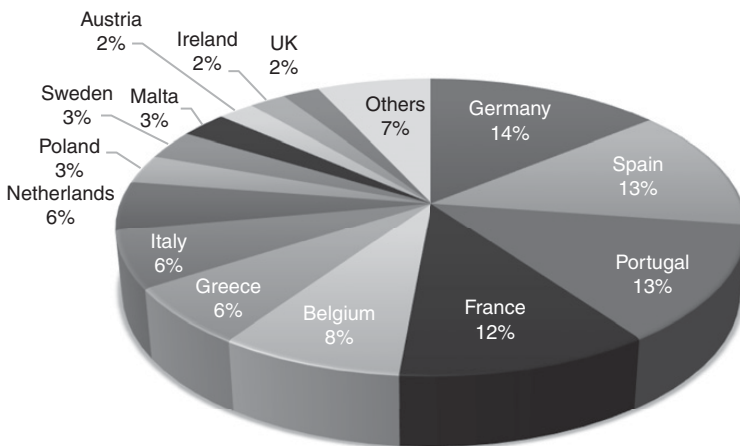


FIGURE 5.3 Nationality of MEPs asking oral questions of the Commission in the Economic Dialogues (January 2012–May 2019). One MEP can ask multiple questions in a meeting, but (s)he is only counted once. Total number of MEPs identified: 319

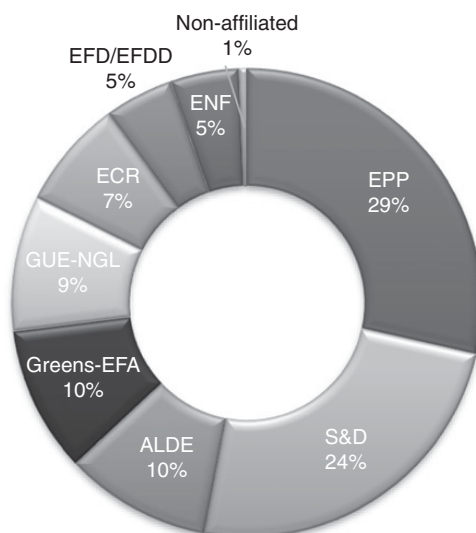


FIGURE 5.4 Political affiliation of MEPs asking oral questions of the Commission in the Economic Dialogues (December 2010–May 2019). One MEP can ask multiple questions in a meeting, but (s)he is only counted once. Total number of MEPs identified: 319

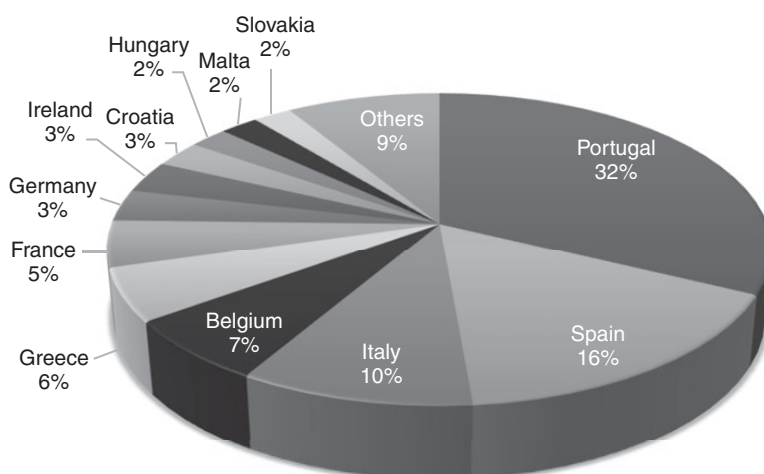


FIGURE 5.5 Nationality of MEPs asking written questions of the Commission on the European Semester (December 2010–May 2019). Some letters can have multiple authors. Total number of MEPs identified: 183

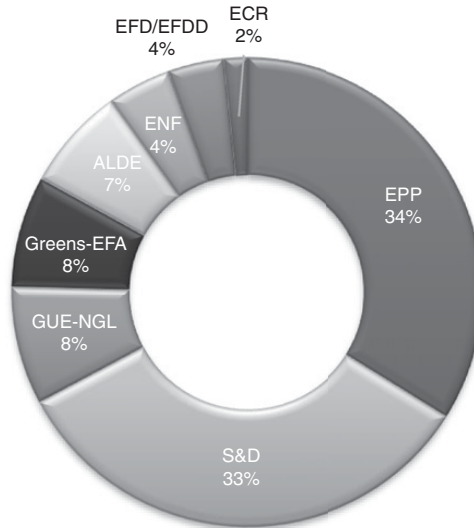


FIGURE 5.6 Political affiliation of MEPs asking written questions of the Commission on the European Semester (December 2010–May 2019). Some letters can have multiple authors. Total number of MEPs identified: 183

by MEPs from Portugal (32%, including Diogo Feio), Spain (16%), Italy (10%), Belgium (7%), and Greece (6%).

In terms of political groups, the most active MEPs came from the EPP (34%, including Diogo Feio), the S&D (33%), GUE-NGL (8%), the Greens/EFA (8%), and ALDE (7%). Since written questions are not limited according to the size of political groups during a parliamentary term (as oral questions are), it was expected that smaller groups would compensate by sending more letters to the Commission – as they do, for instance, with the ECB as a complement to the Monetary Dialogue (Fraccaroli *et al.* 2018: 60). However, this did not happen in respect of letters on the European Semester sent to the Commission.

On the whole, the national and political affiliations of MEPs who ask questions of the Commission clearly illustrate the diversity of interests represented in the EP. In line with the analytical framework of the book (Chapter 3.3.2), this is expected to have a negative effect on oversight because parliamentary questioning becomes more diffuse – and consequently less targeted than in a two-party or two-and-a-half-party system. As shown in the next section, the low number of follow-up questions is an indicator of this diffusion of interests. Nevertheless, in contrast to the ECB in banking

supervision (Chapter 4), the relationship of the EP with the Commission does illustrate a certain government–opposition dynamic. Indeed, political groups that did not support the current College of Commissioners (especially the Greens/EFA, GUE-NGL, and the Eurosceptic EFDD and ENF) were more likely to ask stronger oversight questions than groups that voted for the Commission (particularly the EPP and the S&D). However, if an MEP came from a country heavily affected by the euro crisis – such as Greece or Portugal – they would ask stronger oversight questions regardless of their political affiliation to one of the largest political groups in the EP.

Furthermore, when it comes to replies by the Commission, most questions are answered by the ECOFIN Commissioner, followed by the Vice-President for the Euro and the EMPL Commissioner (Figure 5.7). This statistic applies to both oral and written questions, which is interesting because it shows that the European Semester is generally perceived by MEPs as the competence of DG ECFIN. This has not changed over time, even though DG EMPL became more involved in decision-making on the social side of the Semester (Zeitlin and Vanhercke 2018). As to the Vice-President for the Euro, the position did not exist before 2014 – the system was introduced by the Juncker Commission in order to streamline the leadership of the Commission and coordinate the portfolios of Commissioners in charge of connected fields (King 2014). It is not clear, however, whether the 2014 reform

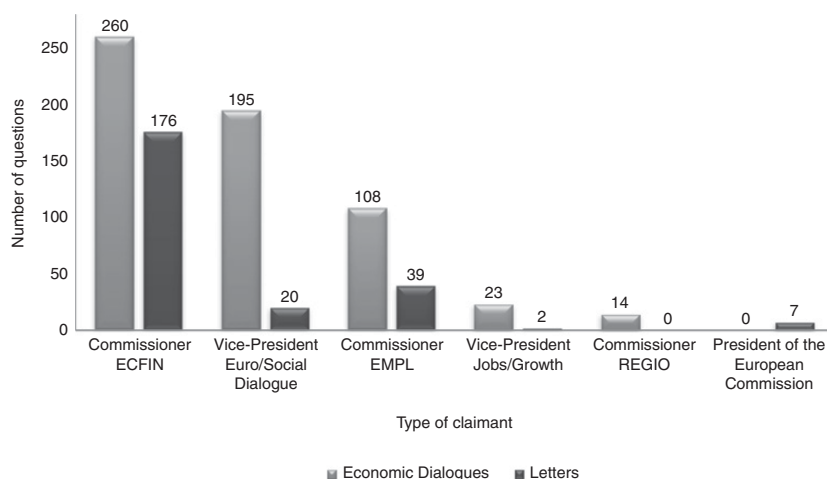


FIGURE 5.7 Institutional position of the Commissioners answering questions on the European Semester in Economic Dialogues and letters (December 2010–May 2019)

of the College created a hierarchy between Commissioners – as some authors suggest (Nugent and Rhinard 2015: 98). Between 2014 and 2019, the Commission Vice-Presidents did not have a DG assigned to them, meaning they had to rely on their small cabinets, the secretariat-general, and personal networks for administrative support and policy expertise (Russack 2017: 5). In the EMU, the authority of Vice-President Valdis Dombrovskis vis-à-vis Commissioner Pierre Moscovici is doubtful: in 2015, when France was in the EDP for breaking deficit rules, Juncker reportedly sided with Moscovici against Dombrovskis regarding the imposition of sanctions (Bürgin 2018: 845). In the Economic Dialogues, the substance of discussions does not indicate that Dombrovskis is the superior of Moscovici, albeit in terms of protocol he gets the floor first for opening remarks. In terms of the format of meetings, the multiplicity of speakers does not make oversight easier: on the contrary, the structural opportunities for oversight decrease (Chapter 3.3.2) because MEPs have fewer chances to ask follow-up questions of the same speaker.

On average, the ECOFIN Commissioner and the Vice-President for the Euro attend Economic Dialogues more often than the EMPL Commissioner – because they are present in regular ECON Committee meeting as well as in joint hearings with other committees (EMPL or REGI). Consequently, it is not surprising that there is a focus on issues under the jurisdiction of Commissioners in charge of economic affairs – as DG ECFIN remains the ‘pre-eminent DG’ responsible for the Semester, despite the increasing involvement of other DGs in the process (Savage and Verdun 2016: 110). But while the Semester started as a framework for the coordination of economic and fiscal issues, the social dimension became increasingly important over time – both in terms of policy orientations and the active participation in decision-making of DG EMPL and of Council formations in charge of employment and social affairs (Zeitlin and Vanhercke 2018: 161–163). As we will see later in the analysis, social issues are central in the questions MEPs pose to the Commission. The following pages describe the typology of questions in depth.

5.3.2 *Types of Questions*

What kind of questions do MEPs ask the Commission on the European Semester? During the period under focus, a total of 844 questions were identified in both Economic Dialogues and letters. 600 questions were asked orally during 20 committee meetings, while 244 questions were asked in writing using 141 letters. On average, MEPs asked around 30 questions in one Economic Dialogue and included 1–3 questions in a letter. In line with

the Q&A approach to legislative oversight (Figure 3.1), questions were classified as initial or follow-up questions which requested: (type A) information, (type B) justification of decisions or conduct, (type C) change of decisions or conduct, (type D) sanctions on responsible actors, and (type E) policy views. In this chapter, there is a sixth category – titled irrelevant questions (type F). Unlike requests for policy views, irrelevant questions either touch on topics that have nothing to do with the Semester (e.g. they are about justice and home affairs) or appear to be within the scope of oversight, but their subject blatantly shows MEPs' lack of knowledge about the functioning of the European Semester. In the period under investigation, most irrelevant questions (27) came from letters sent by Diogo Feio on the content of 2012 CSRs – which technically would qualify as requests for information if the Commission had not already made the information available as one of the main points of the Semester. To distinguish these questions from legitimate requests for information, they have been classified as 'irrelevant'. The other 8 irrelevant questions concern topics that clearly go beyond the Semester – such as trade policy, immigration, or defence.

From the outset, Figure 5.8 shows that MEPs ask far fewer follow-up questions than initial questions. In Economic Dialogues, there were a total of 483 initial questions and 117 follow-up questions, which suggests that MEPs rarely press the Commission to answer a specific question. Taking into account that an MEP who is not a rapporteur has 1.5 minutes to ask a question, it was to be expected that the number of follow-up questions would be lower. For this reason, the classification considered all questions in one meeting pressing for the same issue as follow-up questions, even if another MEP asked the question. For example, in the 2016 dialogue with Jyrki Katainen and Corina Crețu, almost all MEPs from the REGI Committee and many from the ECON Committee spoke vehemently against the suspension of structural funds for Spain and Portugal, referencing the social difficulties experienced by the two countries during the crisis (European Parliament 2016e). These were clear requests for change in the Commission's (and the Council's) decisions on the matter, as many MEPs followed up on the questions of previous speakers.

In general, the low number of follow-up questions suggests the diversity of interests in the EP, as MEPs tend to ask questions relevant for their constituency or for their committee mandate (ECON/EMPL/REGI). The situation does not differ in letters, where MEPs asked 227 initial questions and only 17 follow-up questions. Seldom does an MEP express dissatisfaction with an answer received from the Commission or with an unfulfilled commitment of the supranational institution. For instance, on 22 January 2012, Dutch MEP

Marije Cornelissen from the Greens sent a letter referencing a 2011 EP resolution that called on the Commission to involve civil society and social partners in the Semester through the production of annual shadow reports on each Member State (Cornelissen 2012). There are also a few instances when a question asked in writing is being reposed to the Commission during an Economic Dialogue, for example, when Dutch MEP Cora van Nieuwenhuizen (ALDE) asked for ‘clarification on the precise methodology and analysis that is being used to determine whether a member states is compliant with the conditionality attached to financial assistance’ because the answer provided was ‘rather vague and lacked substance’ (European Parliament 2016b).

Figure 5.8 shows that the majority of questions are requests for information, justification of conduct, and policy change – asked to similar extents. In fact, if we look at the total number of questions across Economic Dialogues and letters, we find 288 requests for policy change, 246 requests for justification of conduct, and 230 requests for information. This suggests that there is no clear trend towards one type of question; if we are to compare the result with questions asked of the ECB on banking supervision (Chapter 4), we can see

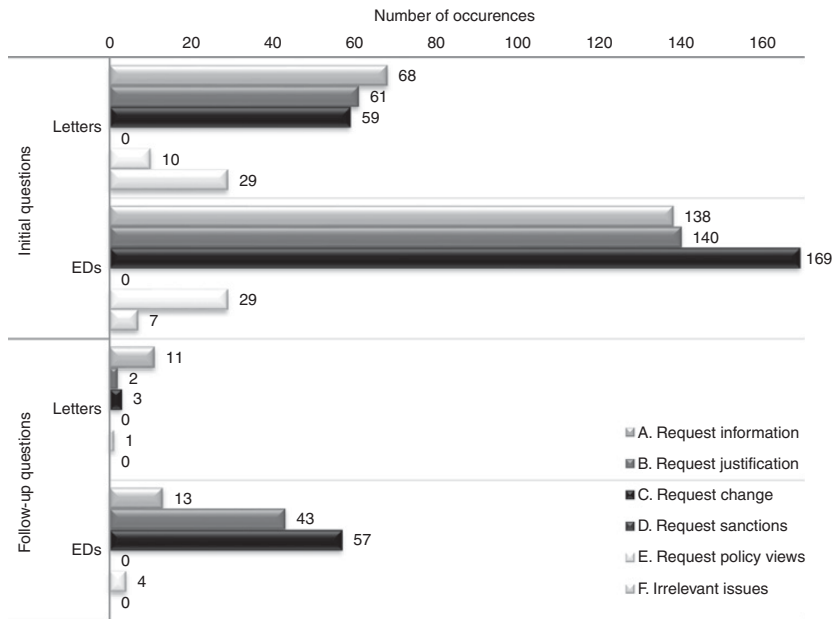


FIGURE 5.8 Types of questions asked by MEPs of the Commission on the European Semester (December 2010–May 2019). Total identified: 844

that most of the requests there are for transparency of decisions (Maricut-Akbik 2020: 1207). By contrast, the Commission does not have the ECB's independence nor its strict secrecy regime – which would anyhow not be justified in macroeconomic and fiscal policy. However, if we follow the six scenarios of oversight interactions outlined in Table 3.1, we can see that weaker oversight questions (types A and B) have almost double the frequency of stronger oversight questions (types C and D). In fact, no single request for sanctions could be identified in the data set, which could suggest that the Commission performed well during the period, that the EP was lax in exercising its responsibility as an oversight body, or that MEPs simply lacked the mechanisms to demands sanctions. In the institutional dynamic between the Commission and the EP, demands for sanctions are rare, albeit possible – for example, in the late 1990s against Edith Cresson, leading to the resignation of the Santer Commission (Topan 2002).

Requests for information can address a variety of issues. For instance, MEPs can inquire about the Commission's current efforts to tackle unemployment or stimulate growth or pose more specific questions about ongoing reforms and negotiations with the Council. Take for instance the question asked by Greek MEP Rodi Kratsa-Tsagaropoulou (EPP) in the joint Economic Dialogue on 28 November 2012:

Commissioners, first of all I would like to refer to the issue of unemployment. It's needless to stress how this is a serious issue for our European perspectives and also the survival of our political effort, political effort for Europe. The action groups that have been created in the countries that have big problems and could develop the various programmes from the 82 million have not been absorbed including [in] Greece. How does this effort progress? Do you have any results? Do we have an implementation of programme? (European Parliament 2012c)

By contrast, requests for justification often assume a disagreement with the Commission's approach on a given topic. One prominent example concerns the methodology behind the EDP and the MIP, namely how the Commission calculates compliance with structural deficit rules or whether a country is experiencing macroeconomic imbalances. For instance, Portuguese MEP Miguel Viegas (GUE/NGL) is very critical of the Commission's assessment of his country's DBP:

When you're calculating the potential output of the economy, which of course affects the structural balance and primary expenditure, then I mean the targets are very close and there's variability as well. These are very volatile measures. So why do you consider Portugal to be at risk of non-compliance?

For Portugal's population, I think it's difficult for them to understand why a country that has a nominal deficit of 1.4 is labelled as being at risk of noncompliance. (European Parliament 2017a)

On the MIP, Marco Valli (EFDD, Italy) has consistently questioned the Commission's preferential treatment of Germany, whose persistent trade surplus caused macroeconomic imbalances in the euro area (European Parliament 2016b). In general, depending on their nationality and political affiliation, MEPs either considered the Commission's approach too harsh or, alternatively, too lax in running the MIP. For instance, in 2013, German MEP Sven Giegold (Greens/EFA) asked why the Commission did not move to the next step of the MIP in relation to Spain's and Slovenia's excessive imbalances (Giegold 2013). The importance of equal treatment is a recurrent topic in parliamentary questions to the Commission, featuring sixty-eight times in the data set under investigation.

Furthermore, there are questions that are openly critical of the Commission or dispute the general purpose of the Semester. One example of a clear demand for change can be found in a letter sent by two French MEPs from the Front National (ENF group) in 2015:

Within the framework of economic governance, every six months the European Union sets out recommendations to the Member States as part of the European Semester, which aims to provide each Member State with its own set of country persists in presenting more and more recommendations.

1. Is the Commission aware of the fact that the European Semester is pointless?
 2. Does the Commission have any plans to purely and simply abolish it?
- (Martin and Mélin 2015)

From an ideological perspective, MEPs from the ENF group are never expected to say anything positive about the Commission (or the EU for that matter), and in this case, they are incorrect that recommendations are issued every six months (that happens once a year). However, their position is not unique in questioning the effectiveness of the Semester. In fact, multiple academic and think tank studies have noted the poor implementation record of CSRs, which has only worsened over time (Darvas and Leandro 2015; Efstathiou and Wolff 2018; Gros and Alcidi 2015; Maatsch 2017). The failure of Member States to implement CSRs is a recurrent topic in the Economic Dialogues, as described by Slovenian MEP Romana Tomc (EPP):

In my country Slovenia, the reforms which Slovenia had to implement urgently in the health care system, in the pension system and in the labour market . . . these reforms exist only on paper. So my question is: if we want

to ensure that the Member States really take this seriously and this applies not just to Slovenia but to other Member States as well, if we want them to act in a more responsible way, we're going to have to come up with some kind of recipe for what will happen if the Member States do not act. Some sort of response to that. So I'd like to ask both of you: is there anything that we can do to ensure that Member States implement reforms more seriously? (European Parliament 2016a)

The demand to change the Semester by improving the implementation of CSRs is common; other MEPs do not ask for sanctions but for ways to enhance national ownership over CSRs in order to make Member States internally motivated to implement recommendations. Other topics in reference to which MEPs request changes concern the democratic accountability of the Semester. Such a question was posed, for example, in 2013 by two MEPs from the S&D – Marc Tarabella (Belgium) and Jean Louis Cottigny (France) – in relation to the role of parliaments in the Semester:

The European Semester must in no way jeopardise the prerogatives of the European Parliament or the national parliaments. Can the Commission ensure the proper formal involvement of Parliament in all the steps of the European Semester process in order to increase the legitimacy of decisions which affect all citizens? (Tarabella and Cottigny 2013)

Later, after the so-called 'streamlining of the Semester' during Juncker's presidency, MEPs praised the Commission for publishing Country Reports three months in advance, thus providing the EP sufficient time to discuss them before the publication of CSRs in May. At the same time, the ECON Committee – through the voice of its Chair Roberto Gualtieri (S&D, Italy) – occasionally reminded the Commission to be more responsive to national parliaments (European Parliament 2015a).

The last type of questions to be discussed are those marked 'outside the scope' of legislative oversight in Figure 3.1 (types E and F). In both Economic Dialogues and letters, there are a total of forty-four requests for policy views asking the Commission's opinion on proposed reforms to the Semester – for example, 'What is the Commission's view on the revision of the Six-Pack?' (Urtasun 2015) – or inquiring about the Commission's stance on actions of other institutions (such as the ECB) which might have consequences for the Semester. Such questions are thematically relevant but fall outside the scope of oversight because they are not an attempt to hold the Commission accountable. According to the analytical framework presented in Chapter 3.3, the exchange of policy views is a form of interinstitutional dialogue, but it cannot be subsumed under accountability. As mentioned earlier, this category is

different from ‘irrelevant questions’ (type F), which refer to topics disconnected from the Semester or linked to documents already made public by the Commission.

Moving to the subject matter of questions, Figure 5.9 provides an overview of the issues encountered most frequently in the data set. Initially, questions were coded according to instruments of the Semester (AGS/AMR, CSRs, MIP, EDP, etc.). However, it soon became clear that these are insufficient to capture the thematic complexity of the topics covered. Consequently, most questions received two codes – one denoting an instrument and the other a substantive concern of the question, for example, the social dimension of CSRs, their monitoring by the Commission, or the success of their implementation in the Member States. In respect of the MIP, the SGP, or the EDP, the EP often questioned the Commission’s interpretation of rules – especially

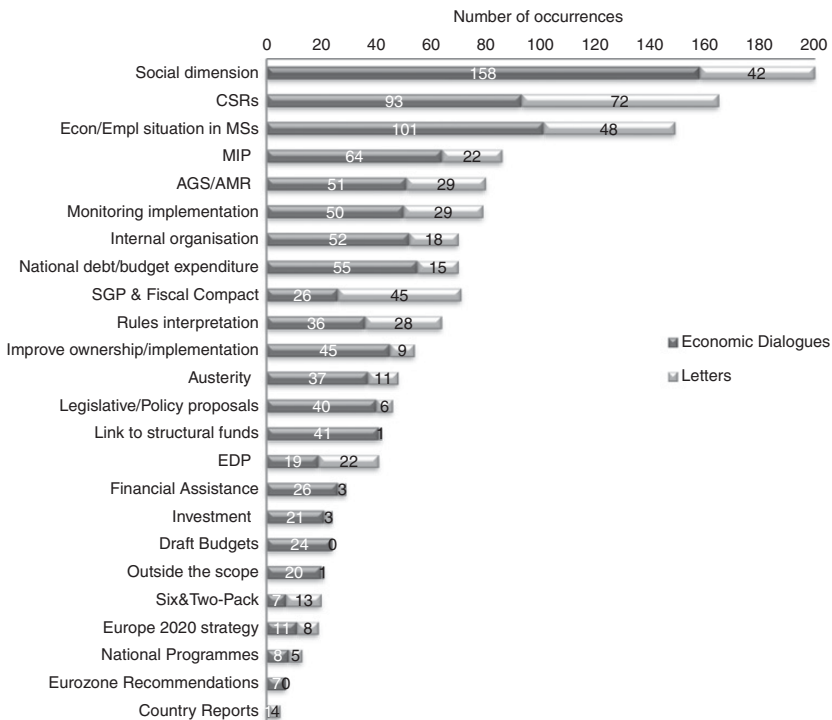


FIGURE 5.9 List of topics raised in questions asked by MEPs of the Commission on the European Semester (December 2010–May 2019). One question can have one or two codes. Total codes assigned: 1,423 for 844 questions

when it came to proposals for sanctions. In the end, any two codes could be combined, depending on the interests of MEPs.

Figure 5.9 illustrates a clear domination of social aspects – such as unemployment, pension reform, labour market policies, and so on – although this is primarily seen in oral rather than written questions.²² CSRs are the second big topic, especially in relation to their monitoring by the Commission and ownership/implementation in Member States. Next, there are questions anchored in the economic or employment situation of one country – typically linked to the AGS, the AMR, DBPs, or Country Reports. On substantive issues, ‘internal organisation’ referred to the Commission’s handling of different Semester processes, including the inclusion of social partners and increased accountability to the EP. ‘National debt/budget expenditure’ refers to questions about the application of the SGP or the EDP in relation to the policies pursued by specific governments. Elsewhere, some questions concerned ongoing legislative dossiers, policy proposals, and envisaged reforms to the SGP, the Six-Pack, and the Two-Pack. However, against the theoretical expectation regarding the profile of the EP as a law-making parliament, MEPs ask fewer questions about legislative dossiers than those addressed to the ECB on banking supervision (Chapter 4.3.2) or to the ECOFIN Council (Chapter 6.3.2). In addition, there are also fewer questions on ‘austerity’ and ‘financial assistance’ than expected – which were instead addressed in the Economic Dialogues with the Eurogroup (see Chapter 6.4).

However, the Commission’s participation in the Troika does come up occasionally in meetings with the EP. For instance, in 2013, Greek MEP Anni Podimata (S&D) criticised the Commission’s position vis-à-vis reforms required in Greece as part of programme conditionality:

... you said that you support reform efforts in Greece. Since this allows for very many interpretations, let me ask you: can the European Commission support decisions that violate basic rules of democratic operation? For the sake of implementing the goals of the programme, do you think that this increases the effectiveness of these programmes? Does it strengthen reform efforts or does it act against them, undercut them? (European Parliament 2013b)

The question here is a demand for justification referring to the discontinuation of the national state-owned radio and television broadcaster ERT (the Hellenic Broadcasting Corporation). This was ordered by the Greek

²² This difference could be a consequence of data selection: since letters were identified according to their mentioning of specific Semester instruments, the data set excludes written questions asking about unemployment and other social aspects without specifying keywords of the Semester.

government as part of the Second Economic Adjustment Programme for the country. In this example, the MEP asked the Commission to justify its position in the episode, which the Commission failed to provide (see next section).

In general, the operations of the Troika (later the ‘Quadriga’) were of significant concern for MEPs throughout the euro crisis, but their criticism was articulated in venues other than the Economic Dialogues with the Commission. For instance, in May 2013, the ECON Committee organised a separate meeting with Members of the Troika on the Adjustment Programme for Cyprus (European Parliament 2013a). In addition, in 2013/2014, the EP launched an own-initiative report on the role and operations of the Troika, which resulted in a Resolution criticising the Commission’s ‘dual role’ in the Troika ‘as both an agent of Member States and an EU institution’ (European Parliament 2014f). Paragraph 53 of the Resolution described a potential conflict of interest between the Commission’s responsibilities as ‘guardian of the Treaties’ in areas of exclusive of EU competence (such as competition, state aid, and cohesion policy) and its tasks in the Troika affecting policy areas where the EU has no competence (such as wage policy). Commissioners Olli Rehn and László Andor were present in the plenary debate of the report for a resolution (European Parliament 2014b), showing the overlap between interlocutors of Economic Dialogues and those of other scrutiny instruments managed by the EP. To put it differently, the low number of questions on financial assistance included here does not mean that MEPs were not interested in the topic.

The next section shifts the focus to the Commission and its answers to parliamentary questions on the European Semester.

5.3.3 *Types of Answers*

How does the Commission reply to questions raised by MEPs on the European Semester? Figure 5.10 shows that the majority of answers are explicit replies provided in both Economic Dialogues and letters. Indeed, 434 out of 844 total answers are explicit replies – although 56 are given in response to questions outside the scope of oversight on the Semester (types E and F). In the case of explicit replies during Economic Dialogues, numbers are similar in response to questions for information (85), justification of conduct (92), and policy change (98). For letters, there are more explicit replies providing information (47) and justification of conduct (33) than those addressing requests for policy change (23). Intermediate replies come second, with 312 occurrences in total – out of which 19 concern questions outside the scope of oversight (types E and F). In absolute numbers, there are more intermediate

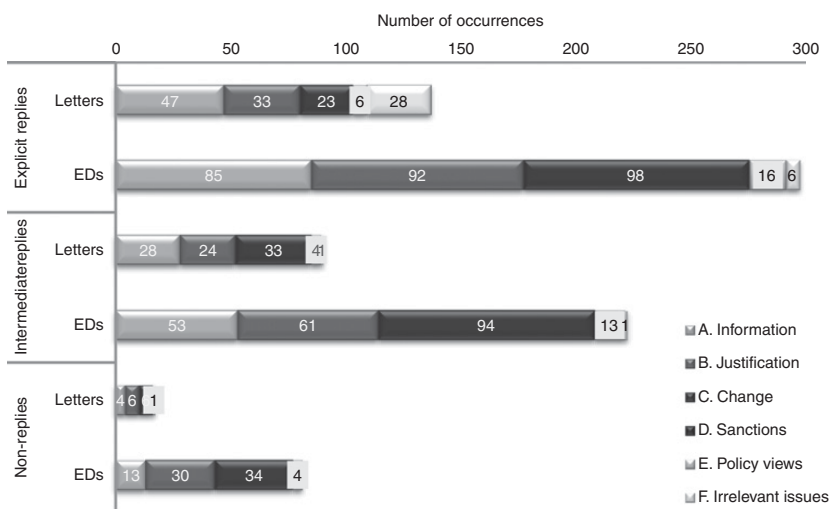


FIGURE 5.10 Types of answers provided by the Commission to MEPs on the European Semester (December 2010–May 2019). Total answers identified: 844

answers in response to demands for policy change in both Economic Dialogues and letters. Finally, non-replies make up the last category, with 98 total occurrences and 5 answers to questions outside the scope of oversight on the Semester. These answers concern questions which the Commission failed to acknowledge altogether, which are much more likely to occur in Economic Dialogues than in letters. However, there are exceptions: in response to the letter cited above by Dutch MEP Marije Cornelissen (Greens/EFA), the Commission gave a generic reply about its commitment to involving civil society and social partners in the Semester – but mentioned nothing about shadow reports as required in the question (Rehn 2012). On the whole, this statistic demonstrates that the Commission is open to engage with questions raised by MEPs on the European Semester, at least partially if not fully.

Beyond the threefold categorisation into explicit, intermediate, and non-replies, it is necessary to look more closely at the types of answers provided by the Commission. Following the typology in Table 3.1, Figure 5.11 further specifies the direction of the answers, grouping replies depending on whether the Commission responded through rectification (by accepting policy change fully or partially), justification (by defending its decisions or conduct fully or partially), or equivocation (by evading questions or by invoking lack of competence for the issue under discussion and referring MEPs to a different actor deemed responsible). While the Commission provided on average many

explicit replies, answers tended to fall in to the second category – defending the institution’s policies and conduct. For example, in response to the questions cited above from ENF members Dominique Martin and Joëlle Mélin (on whether the European Semester is pointless), the Commission gave a longer defensive answer:

Since its creation, the European Semester has become one of the pillars of the EU’s economic governance framework. In particular, it has proved its efficiency in identifying key challenges in Member States, formulating relevant policy advice and fostering the reform process in Member States. All Member States have made some progress in addressing the issues identified in the CSRs for 2014–2015.

Moreover, in the recent years, the European Semester has undergone a number of changes to further improve its efficiency, translating into CSRs, focused on a selected number of issues of macroeconomic and social relevance, and more time for exchange at all levels. (Dombrovskis 2015)

Furthermore, in relation to the accusations brought by Portuguese MEP Miguel Viegas regarding the Commission’s discretion in the interpretation of rules on nominal deficits (see previous section), Commissioner Moscovici again defended the approach of his institution:

Let me remind you of what our rules are because of course, the Commission takes a position on the basis of the rules. We don’t come up with the rules, we apply them. We’ve got the structural deficit. And if there’s a problem there, there could be significant deviation with the efforts required. We should be 0.6 percent in 2017 and 2018. I just said to Mr. Pereira a few minutes ago that that didn’t mean that, uh you haven’t made considerable effort and that the gaps and deviations often go reduced as the year goes along. And so there is confidence in the Portuguese economy. . . . So please don’t charge it with so much emotion because these words aren’t as charged as you think they are. They will allow us to move forward together. (European Parliament 2017a)

In a similar vein, in response to the question of Slovenian MEP Romana Tomc (EPP) on the implementation of CSRs, Vice-President Valdis Dombrovskis explained that sanctions are counter-productive because national reforms have to be supported by domestic actors; otherwise, they will not work:

Then on the questions on CSRs’ implementation. Indeed, this is [a] concern also of the Commission that we see between limited and some progress in [the] implementation of CSRs and that we need to engage stronger with Member State to improve this implementation. But once again to reiterate,

there are no specific enforcement mechanisms linked to the CSRs. Well, there are some links for example as regards macroeconomic conditionality in case of EU structural and investment plans which can be put to also, put to use to effectively implement CSRs. But well the Commission's intention is not to come, so to say, with some kind of sanctions mechanisms associated with CSRs. We believe that those are reforms and recommendations which are in the interest of Member State. (European Parliament 2016a)

Despite agreeing about the poor record on the implementation of CSRs, the Commission defends its approach to benchmarking and not forcing Member States into reforms that lack national ownership. On the other hand, equivocated answers occur when the Commission provides generic responses that address the broad topic of a question but not the specific issue raised by an MEP. Take the answer of Commissioner Olli Rehn given to Anni Podimata (S&D) on the contribution of the Troika to the closure of the national broadcaster ERT and the inclusion of programme countries in the Semester process:

Madam Podimata referred to whether [...] programme countries should be part of the overall process of the European Semester and its economic policy coordination. I think that's something that we have to discuss and we can discuss this. On the other hand, I would not say that we do not have a quite strong accountability as regards these countries because we have discussed this continuously also in this committee and I have responded to your questions over the years very frequently and regularly on the economic policies and programme of the economic adjustment of the programme countries. (European Parliament 2013b)

In this example, the Commissioner acknowledges the question on the European Semester but says nothing about the abolishment of the ERT. The question is thus equivocated. On a different note, the Commission does not answer many questions through rectification. One important example refers to the involvement of national parliaments in the Semester, raised by MEPs on multiple occasions. In 2018, Vice-President Dombrovskis acknowledged that the Semester's inclusiveness of national parliaments could be improved:

The Commission has repeatedly stressed that, in spite of positive developments, there is room for a better involvement of national Parliaments in the European Semester, and made proposals on how to further increase democratic legitimacy of economic governance, most recently in its Communication on further steps towards completing Europe's Economic and Monetary Union. (Dombrovskis 2018)

Overall, the responsiveness of the Commission in the European Semester is clearly focused on justifying its decisions and conduct to MEPs. Figure 5.11 provides a snapshot of the main findings.

Figure 5.11 shows that in 646 of the total 844 answers, the Commission defended its conduct fully or partially. In respect of the former, the Commission provided 244 replies providing full information and justification of conduct (answers A and B in response to weaker oversight questions), and 94 replies defended a decision or conduct (answers C and D in response to stronger oversight questions). Two well-known examples include the decisions of the Commission not to propose sanctions against France’s excessive deficit and Germany’s macroeconomic imbalances in 2014–2015 – which were widely criticised by the EP (de la Parra 2017: 114). In these cases, MEPs questioned the Commission’s discretion in the interpretation of Semester rules and contested whether Member States are being treated equally. Such decisions dominated several Economic Dialogues in 2014–2015 and re-emerged in the years afterwards – especially in terms of sanctioning Germany for its excessive account surplus that could have been, in the view of some MEPs, used for domestic investment (meeting on 14 April 2015, European Parliament 2015). In response,

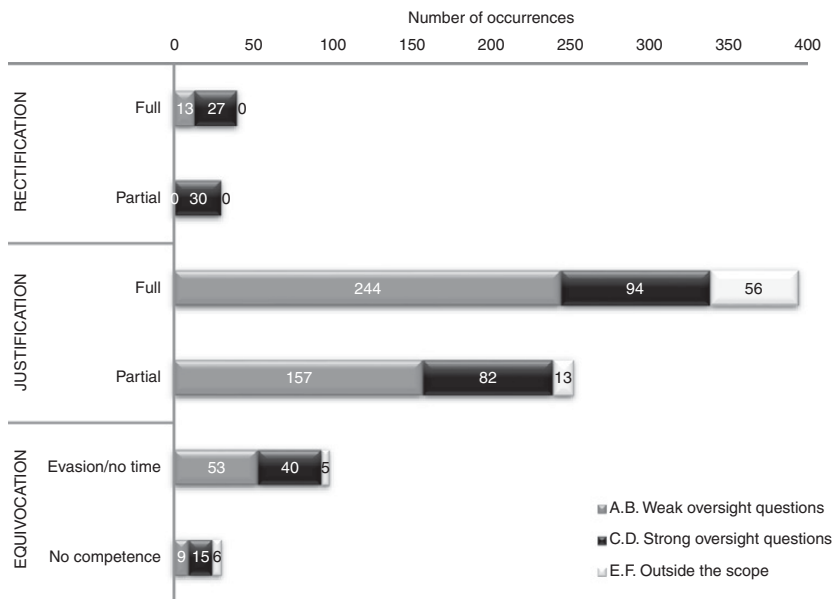


FIGURE 5.11 Responsiveness of the Commission to MEPs on the European Semester (December 2010–May 2019). Total answers identified: 844

the Commission defended its position, arguing that Germany was already in the MIP – albeit not for excessive imbalances – and that the CSRs for the country consistently emphasised the need to increase domestic investment. In this respect, the Commission justified or defended its conduct without actually changing any decisions on the matter.

On the other hand, equivocated questions are wilfully ignored by the Commission or simply not answered due to the lack of time – which in practice is difficult to differentiate. Due to the high number of speakers in joint meetings, it is sometimes impossible for Commissioners to address all questions even if they wish to, as committee chairs push for short answers due to time constraints. However, in respect of answers equivocated without time pressure, László Andor has the worst record among the Commissioners in the data set, as he repeatedly used his time during Economic Dialogues to make general policy statements and discuss issues that were not clearly raised in any questions. In joint meetings, Dombrovskis has a tendency to answer many questions, leaving only a handful for the ECOFIN and EMPL Commissioners (especially Moscovici). That is why the practice of taking turns answering questions is an effective tool in ECON Committee meetings attended by Dombrovskis and Moscovici. Elsewhere, answers invoking lack of competence imply that the Commission does not have the authority to decide on the matter raised in the question, meaning that responsibility lies either with Member States or with other EU institutions. While only thirty total answers were identified in this category, some are interesting because they allow the Commission to shift attention from the subject of the question to other actors. For example, in response to a question about why the Commission is holding on to its ‘austerity approach’ vis-à-vis Portugal although this has not improved growth or lowered unemployment, Commissioner Moscovici gave the following reply in an Economic Dialogue in April 2016:

I just wanted to say that [in the Portuguese case] too, *the Commission* just like in the case of Spain *can't get involved in politics*. We are here to ensure that certain rules are respected. We have had initial discussions with the Portuguese government which made it possible to avoid the rejection of the budget and necessary to have been taken which we felt made it possible to remain in the right range. And it was done intelligently. It wasn't easy. We had a lot of discussion about it but it was done. (European Parliament 2016c; emphasis added)

The response is equivocated because the Commissioner does not address the effectiveness of austerity measures for the Portuguese economy.

Moreover, the classic Commission mantra – that it is not allowed to get involved in politics – is hard to believe under the circumstances. Everything that the Commission does with respect to the calculation of budget deficits, macroeconomic imbalances, or compliance with ESM programmes has important political implications (cf. Dawson 2019). Moreover, previous research has shown that the Commission operates in an increasingly politicised environment and often takes into account domestic contestation in different Member States (van der Veer and Haverland 2018).

On the whole, there is a clear hierarchy between the types of answers offered by the Commission in response to parliamentary questions on the European Semester. In most instances, the Commission replies through justification (77 per cent of all answers), followed by equivocation (15 per cent of all answers), and finally rectification (8 per cent of all answers). In the realm of justified answers, 61 per cent were full replies – suggesting a general tendency of the Commission to engage with the issues raised by MEPs. At the same time, within the equivocation category, 40 per cent of replies were not clear evasions. Instead, such instances include cases when the format of Economic Dialogues reduced the time available for Commissioners to respond to questions or, alternatively, instances when the Commission was not the relevant authority responsible for the issue at hand. On balance, these statistics portray the Commission as a responsive actor to legislative oversight – focused on explaining and justifying its conduct to MEPs.

5.4 THE RECORD: HOLDING THE COMMISSION ACCOUNTABLE IN THE EUROPEAN SEMESTER

To sum up, how accountable is the European Commission to the EP in the framework of the European Semester? Going back to the scenarios of oversight interactions outlined in Chapter 3 (Table 3.1), the analysis above places the Commission mid-way between scenario 2, ‘Answerability’, and scenario 4, ‘Transparency’. Overall, the proportion of stronger oversight questions (34 per cent) is lower than the proportion of weaker oversight questions (56 per cent). However, since most questions demand policy changes or the justification of conduct, we can conclude that the type of oversight interactions between the EP and the Commission go beyond the scenario of ‘Transparency’ applicable to the ECB in banking supervision (Chapter 4).

In fact, the questions addressed by MEPs demonstrate their knowledge of potential problems in the Commission’s management of the European Semester. In terms of the variables listed in Figure 3.2, the issue is not the

asymmetric information between the EP and the Commission but the fact that the European Semester is a multi-level policy framework with several centres of decision-making and implementation dependent on the national level. For example, MEPs ask frequent questions about the general effectiveness of the Semester, which is scarcely implemented in the Member States despite substantial resources invested by the Commission into the process. The complexity of the Semester also has an impact on the types of answers provided by the Commission, which can ‘explain away’ most problems as located at the national level, depending on the willingness of Member States to carry out reforms.

Furthermore, the aspect of high public pressure (also listed in Figure 3.2) is present in the oversight of the Commission when it comes to the application of sanctions in the EDP and the MIP or the social consequences of austerity measures in the Member States. As shown in the analysis above, MEPs complain about the Commission’s discretion to apply different rules (or exceptions) to different countries’ budgetary deficits or macroeconomic imbalances. At the same time, MEPs are concerned about the impact of austerity measures in ‘programme’ countries and consistently demand more social priorities from the Commission. Moreover, in line with the variable on the EP’s party system, MEPs raise different questions depending on their political affiliation and country of origin. While there are some signs of a government–opposition dynamic – with stronger oversight questions coming from groups that did not support the current College of Commissioners – the trend is complicated by the nationality of MEPs and whether their Member State was heavily affected by the euro crisis. In any case, the diversity of political and national interests in the EP is undoubtedly a reason for the low number of follow-up questions addressed to the Commission on the European Semester.

As to the Commission’s responsiveness to EP oversight, the analysis presented in this chapter revealed a predominantly positive record of the supranational institution in the period under focus. More than half of the questions identified in the data set are answered explicitly and fully. On average, Commission officials who attend Economic Dialogues or answer written questions seem genuinely interested in the concerns of MEPs regarding the management of the European Semester. Attempts at evasion are few, while partial replies are often related to the format of joint Economic Dialogues – which allow too many speakers to ask questions simultaneously and thus limit structural opportunities for oversight (see Table 3.2). But although the Commission responds to most questions from MEPs, its answers are generally

defensive, justifying institutional conduct or explaining decisions in different contexts. As such, the Commission rarely changes its decisions – by promising to rectify previous conduct – in response to demands made by MEPs. For this reason, principal–agent expectations of control by the EP (scenario 1 in Table 3.1) or voluntary accountability by the Commission are clearly not fulfilled in this oversight relationship. To reiterate the assessment above, the Commission is transparent but not fully answerable to the EP in economic governance after the crisis.