

# HAS THE EUROPEAN COMMISSION ACQUIRED MORE POWER DUE TO THE EURO AREA DEBT CRISIS?

By Dr. Dilek Yigit

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**T**he European Commission has always been the object of debates and analyses as to what extent the European Union (EU) political structure is democratic, since the structure of the Commission and its relations with the European Parliament have been regarded by many scholars as the main reasons why the EU suffers from a “democratic deficit”.

After the global financial crisis broke out, measures taken to cope with the implications of the euro area debt crisis and to prevent another potential crisis have renewed the debates on democracy at EU level, in particular on the European Commission’s role in the new European economic governance.

Why has the European Commission been a part of debates on a “democratic deficit” in the EU? The answer to this question is complex and many-faceted. Because the first aspect of this question is related to how the European Union and its executive body Commission can

be defined; Is the Commission a sui-generis body of sui generis organisation? or can the Commission be compared with a government in the member states as the EU is becoming more like a state? It can be argued that the EU is becoming more like a state due to the continuous European integration process; nonetheless there is not a clear-cut answer on which scholars agree to the question of how exactly the Commission can be defined or whether it should be a government in the conventional meaning of the term. For example, S. Hix points out that the Commission may be defined as sui generis through stating that “*the Commission is neither a government nor a bureaucracy, and is appointed through what appears to be an obscure procedure rather than elected directly by the votes or indirectly after a parliamentary election.*”<sup>1</sup> While F. Laursen underlines the similarities between the Commission and a national government by expressing “*to a certain extent, the Commission can be compared with a government in the*



*member states. It takes political initiatives, it proposes legislation, it has a bureaucracy at its disposal, it gets involved in policy implementation.”<sup>2</sup>*

The second aspect of this question is related to the democratisation of the European Union. In this context, the question of how the president and members of the Commission should be appointed/elected for a more democratic Union has led to political and theoretical debates so far, and many scholars argue that the democratisation of the European Union through the gradual increase of power of the European Parliament over the European Commission has caused politicisation of the Commission. The Treaty of Lisbon

brought about further politicisation of the Commission by defining the role of the European Parliament in the nomination of the Commission President explicitly. Article 17 of the Treaty of Lisbon stipulates that

*“Taking into account the elections to the European Parliament and after having held the appropriate consultations, the European Council, acting by a qualified majority, shall propose to the European Parliament a candidate for the President of the Commission. This candidate shall be elected by the European Parliament by a majority of its component members...”*



European Commission HQ



It can be argued that the Treaty of Lisbon provides the Commission with greater democratic legitimacy. Nonetheless, after the Treaty of Lisbon, the Commission is still an executive body that remains unfamiliar to both parliamentarism and presidentialism, which may arise more concerns especially in the light of Article 10 of the Treaty stipulating that the functioning of the Union shall be founded on representative democracy.

Furthermore, measures taken for strengthening fiscal discipline and introducing stricter fiscal and macroeconomic surveillance in the EU due to the euro area debt crisis received serious criticism on the grounds that these measures give greater role to the European Commission in the surveillance of national economic and financial policies, that is the Commission acquires more powers although its democratic legitimacy and democratic accountability have been questioned.

The aim of this article is to try to address more centrally the question of whether the Commission is becoming more powerful due to the measures taken after the euro area debt crisis and if so, why it receives criticism from a democratic perspective. Let's analyse each measure and what they mean to the Commission in brief.

The European Semester which was approved by the member states on September 2010 for stronger economic governance and coordination at EU level means ex ante coordination of member states budgetary and economic policies, and it starts each year when the Commission publishes the Annual Growth Survey. On the basis of the Annual Growth Survey, member states

identify the main economic issues which the EU faces and give policy advices at the Spring Council. The salient aspect of the European Semester is that the European Council and the Council of Ministers provide policy advice before the member states' draft budget for the following year are finalised. Although the Commission's role under the European Semester has received criticism on the grounds that the Commission can give direction to national fiscal policies, the European Council, Council of the European Union and the European Parliament are also given active roles under the European Semester in order to provide legitimacy for this new mechanism.<sup>4</sup>

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The Six Pack which entered into force on 13 December 2011 aims to reinforce the preventive and the corrective arm of the Stability and Growth Pact. The most salient aspect of the Six Pack for the Commission is an introduction of reverse qualified majority voting, which means in the Commission's words "a recommendation or a proposal of the Commission is considered adopted in the Council unless a qualified majority of member States votes against it."<sup>5</sup> Similar to the Six Pack, the Treaty on Stability, Coordination and Governance (TSCG) which was signed by twenty-five member states on 2 March 2012 in order to strengthen fiscal discipline and introduce stricter surveillance within the euro area also introduces the reverse qualified majority voting. Article 7 of the



Treat stipulates that

*“While fully respecting the procedural requirements of the Treaties on which the European Union is founded, the Contracting Parties whose currency is the euro commit to supporting the proposals or recommendations submitted by the European Commission where it considers that a Member State of the European Union whose currency is the euro is in breach of the deficit criterion in the framework of an excessive deficit procedure. This obligation shall not apply where it is established among the Contracting Parties whose currency is the euro that a qualified majority of them, calculated by analogy with the relevant provisions of the Treaties on which the European Union is founded, without taking into account the position of the Contracting Party*

*concerned, is opposed to the decision proposed or recommended.”<sup>6</sup>*

With regard to the TSCG, the Commission underlines that

*“..at each stage of the Excessive Deficit Procedure (EDP), euro-area Member States will support the Commission’s proposals or recommendations in the Council if a euro-area Member State is in breach of the deficit criterion, unless a qualified majority of them against it. In practice this means that if a euro-area member State breaches the deficit criterion a kind of reverse qualified majority voting applies to all stages of the EDP, even if not foreseen in the Six Pack.”<sup>7</sup>*



The reverse qualified majority voting envisaged in the Six Pack and the TSCG raises questions in terms of democracy at the EU level, because it means that only qualified majority in the Council should be able to stop sanctions, so it creates an automatic sanction mechanism triggered by the Commission. The automatic sanction mechanism may be criticised for putting the member states in the hands of the Commission which is not accountable to the European electorate directly, and for the lack of involvement of neither the European Parliament nor the European Council.

The Two Pack on which discussions are ongoing between the Commission, the Council and the Parliament envisages a common budgetary timeline in which euro area Member States shall submit their draft budgetary plan for the following year to the Commission and the Eurogroup before 15 October and requires the Commission to analyse the draft budgetary plans based on the Stability and Growth Pact and the recommendations from the European Semester. If the Commission assesses that the draft budgetary plans are not in conformity with the Stability and Growth Pact, the Commission may ask for a revised draft budgetary plan.<sup>8</sup> The Two Pack has not been adopted yet. When it enters into force it will likely be criticised for causing national budgetary policy decisions to be taken out of the hands of national parliaments and delivered to the European Commission, consequently for undermining democracy at both national and supranational level.

In sum, the measures taken for strengthening fiscal discipline and introducing stricter fiscal and macroeconomic surveillance in the EU in order to prevent a crisis similar to the

euro area debt crisis have raised objections coming from a democratic perspective. That is why, the measures which are taken from an economic viewpoint and would lead to a more powerful European Commission in the European new economic governance should be paid more attention from the perspective of democracy to prevent criticisms that new economic measures may undermine European democracy.

**Notes:**

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The opinions expressed in this article are those of the author and do not represent the views of the Undersecretariat of Treasury.

1. S. Hix, *What's Wrong With The European Union& How To Fix It*, (Cambridge:Polity Press, 2008), p.71
2. F.Laursen, "The Role of the Commission", in *The European Union: How Democratic is It*, edited by S. S. Andersen, K. A. Eliassen, (London: Sage Publications, 1998), p. 120.
3. Press Release, *European Semester: A new architecture for the new EU Economic Governance*, 12 January 2011.
4. See the chart in *The European Semester: Who does what and when?*, <http://ec.europa.eu>
5. European Commission, *Six-pack? Two-pack? Fiscal Compact? A Short guide to the new EU fiscal governance*, 14.03.2012
6. *Treaty on Stability, Coordination and Governance*, <http://european-council.europa.eu>
7. European Commission, *Six-pack? Two-pack?...*
8. Ibid.

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