

# European Economic Policy

## Topic 2. The Makers of EU Economic Policy: the EU Institutions and their roles



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# The makers of EU policy

- The EU structure is unique: blend of federalism and intergovernmentalism.
- MS pool sovereignty in some areas and delegate to the EU, while they retain it in others.
- The idea is the European Commission defends the general interest; the Council of the European Union (Council) the MS governments and the European Parliament defends EU citizens.
- Commission-Council-Parliament: **“the institutional triangle”**.
- These are the core entities to understand EU policy.

## Other key actors include:

- European Council.
- European Courts of Justice (ECJ).
- Court of Auditors.
- European Central Bank.
- European Investment Bank.
- European Economic and Social Committee.
- Committee of the Regions and European Ombudsman.

# The Commission (I)

- Official [website](#).
- *Initiates* policy by proposing new legislation to the Council and EP.
- *Implements* Policy.
- With ECJ the “guardian” of EU treaties – by *enforcing* EU law.
- Negotiates International treaties for the EU, eg. Trade, investment...

- **Initiates:** establishes policy in areas defined in the treaties. Bound by subsidiarity and proportionality principles. The Commission proposes Policy to the Council and Parliament and efforts are made to find an agreement
- Policy initiatives may originate elsewhere, e.g.: EP, MS or even citizens: [Citizens Initiative](#).
- The Commission is involved in a broad array of policies but is very strong in: competition, state aid, liberalization, agriculture and the EU budget.
- **Implementation:** Checks MS implement Policy properly. Can investigate if a MS or firm is not doing so. If the matter is not resolved, can refer to ECJ.

# The Commission (III)

- **Commissioners** appointed for 5 years (renewable).
- Should act for collective interest (not MS).
- Prominent top politicians in their MS.
- Current President is Jean-Claude Juncker, from 2014, former Luxembourg Prime Minister.
- Appointment process starts 6 months after EP elections giving time for EP to approve Commission.
- Commission president is nominated by MS and approved by EP, then the EP elects the president.
- Once approved, President nominates remaining commissioners.
- EP then approves or dismisses the whole group.

# The Commission (IV)

- Since the Santer Commission (1995-9) fiasco –the whole commission had to resign for allegations of corruption– the EP has subjected approval of the Commission to more scrutiny. The role of the EP has therefore grown.
- Debate on how to reform the Commission continues.
- Each [Commissioner](#) is responsible for one or more portfolios.
- Some hierarchy depending on the importance of the policy area.
- The Commission is sometimes perceived as elitist and distant.

- Council of the European Union.
- MS representatives to represent national interests.
- The Commission attends and influences meetings.
- Not made up of a fixed body of people, unlike the Commission: representatives according to topic: Finance = Ministers of Finance; Agriculture = Minister of Agriculture, etc.
- Council Presidency rotates 6 months for each MS.
- Each incoming MS Presidency can shape the priorities for that period.



# Council of the European Union (II)

- Main EU *legislative* body, sometimes jointly with the EP.
- Coordinates MS economic Policy since the Maastricht Treaty.
- Concludes EU International agreements.
- With the EP responsibility for the EU Budget.
- So commission initiates policy; the Council (often with the EP) acts on the proposal.
- The Commission submits a draft of the Budget, the Council and EP to modify or approve.

- Though many actors are involved in the Policy making process, the outcome of Policy decisions are made at Council.
- **There are different kinds of policies:**
  1. **Regulation:** directly binding for all MS – no national legislation needed.
  2. **Directive:** binds MS for a period of time – MS have a role in how this is done through national legislation.
  3. **Decision:** more specific, binding for the actors involved (MS, firm, individual).
  4. **Recommendation/opinion:** no binding force but express EU preferences.

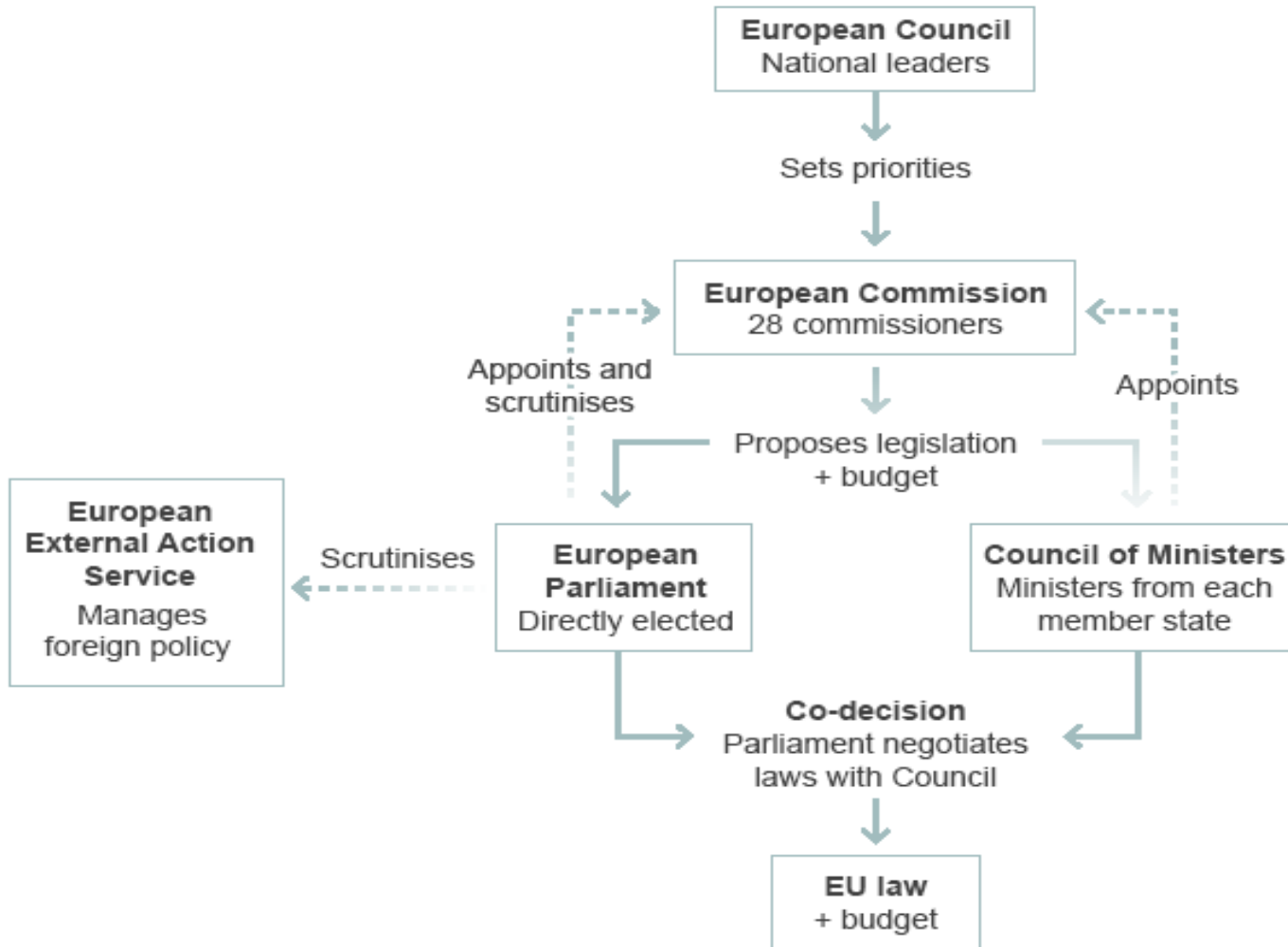
The majority of legislation is now directives.

# The European Parliament (I)

- Originally a consultative rather than legislative body.
  - The Council had to seek its opinion, not approval.
  
- But its power has increased.
  - 1970 acquired budgetary powers.
  - 1975 financial powers.
  - 1992 right to approve the President of the Commission from 1992.
  
- Over time the EP has increased its legislative power with a view to **increasing the democracy** of EU activities.

- In detail the EP, with the Council, helps formulate and adopt legislation from the Commission:
  - For the Single Market this is through **co-decision** (equal weight).
  - The whole process is quite complex, best understood as a game:  
[How EU decisions are made.](#)
- The EP may provide input to the Commission for new policies.
- The EP has the right to censure the Commission and force it to resign.
- **Three sites:** Strasbourg (plenary); Secretariat (Luxembourg) and Brussels (meetings and some plenaries) – criticised for complexity and wastefulness.
- **Explained historically:** the merger of the 3 original treaties ECSC, EEC and Euratom, into one.

# EU Power Structure



Source: [BBC](#).

## Tomorrow students will do brief presentations on one institution from:

- European Council (not to be confused with the Council of the EU).
- European Courts of Justice.
- Court of Auditors.
- Ombudsman.
- European Economic and Social Committee.
- Committee of the Regions.
- European Central Bank.
- European Investment Bank.

- El Agraa (2011): «*The European Union: Economics and Policies*».
- [EU official websites](#).
- [BBC How the EU works](#).
- [EU presidents: who does what?](#)