

What challenges lie ahead of the new Vice-President for the Euro and Social dialogue?

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The contextualisation of the EU economic governance model

The present-day model of economic governance in the EU is essentially a product of crisis management. This model, aimed at harmonizing economic growth and social cohesion, constitutes the portfolio of Vice-President for the Euro and Social Dialogue, Valdis Dombrovskis.¹

This process evolved through a series of negotiations and reform initiatives for preventing future macroeconomic disturbances. Subsequently, the process was accommodated into the more permanent, yet flexible and complex structure; besides the Stability and Growth Pact, including agreements such as the Macroeconomic Imbalance Procedure, the Europe 2020 Strategy and the Treaty on Stability, Coordination and Governance, altogether coordinated by the framework of the European Semester.² This framework comprises different processes and institutions aimed at governing the Economic and Monetary Union of the EU. Nonetheless, its effects have been spilling over to different policy areas and to various stakeholders and must now be addressed.

Therefore, effective coordination, a deepening of economic governance and a timely assessment of its effects, comprises the main part of the portfolio of Dombrovskis, and is needed in order to meet the defined objectives of sustainable growth and fairer economic development in the EU.

Institutional and non-institutional governance

factors in the Euro and Social Dialogue portfolio

Economic governance in the EU is challenged not only by the nature of its political structures and general characteristics of the EU as a governance model (i.e. matters of accountability, efficiency, effectiveness and legitimacy), but also by the wide range of stakeholders involved at the different levels of decision-making and implementation. President Juncker in his mission letter to Dombrovskis clearly acknowledged “the multilateral nature of the economic governance process at EU level (...)”, the need for “engaging a broader range of actors at national level (...)”, “assessing the social impacts of economic governance”³ on different groups, and the need for dialogue with citizens.

In order to gain further insight into the multiple governance challenges that have to be addressed by the Vice-President for the Euro and Social Dialogue within his competences, we will examine the decision making levels.

European level

Juncker’s mission letter to Vice-President Dombrovskis presents a rather complex composition of the project team for the Euro and Social Dialogue, through which he is supposed to “steer and coordinate the work of several Commissioners”⁴ A good example of its complexity is the rather unclear division of competences between Vice-President Dombrovskis and the other Commissioners

inside the project team. Broad descriptions of the organizational concept as cultivating “a spirit of collegiality and mutual dependence” and the Vice-President’s task to “steer and coordinate (...)”⁵ leave room for different interpretations. These interpretations of concrete responsibilities may produce various uncertainties, resulting in a lack of accountability.

As the Commission’s cooperation with the other EU institutions is crucially important, the Vice-President has to strive to promote enhanced communication and cooperation with the European Parliament, European Council and Council of the EU.⁶ The relationship with the European Parliament, being “the source of democratic legitimacy”⁷ for the EU Commission is particularly important and the Vice-President’s experience as a MEP could provide a good basis for improving much-needed political cooperation.

Representation and coordination of economic governance and the steering reforms for a deeper and fairer EMU, being the core of his mandate, require particularly productive collaboration with the European Central Bank in order to attain mutually beneficial goals.⁸

Last, but definitely not least, the Vice-President’s dual mandate requires addressing other supranational and intergovernmental assemblies, (e.g. Euro summit, the Euro Group) and non-institutional bodies (e.g. the Tripartite Social Summit), outside of EU institutions, further stressing the complexity of the posed challenges.

National level

Surely, the main challenge at the national level relates to the implementation process. President Juncker emphasized the need to “focus energy and efforts on ensuring effective implementation and follow-up on the ground”⁹

One way of ensuring effective implementation in the respective portfolio would be to cultivate permanent dialogue and understanding with national governments and parliaments (especially in the Euro area) in order to obtain support for new initiatives. At the same time, providing significant enhancement of ownership¹⁰ of the economic governance process by the Member States would improve the efficiency in the national decision-

making and administrative bodies.

During the last few years multiple national concerns and demands emerged as a result of the increasingly pervading impact of economic governance on national economies and societies. Some EU countries outside the Eurozone are still afraid that they might be excluded from important decision-making¹¹ and such concerns will have to be addressed by the Vice-President and his project team and accommodated properly in order to preserve momentum for deeper reforms.

Subnational level

Finally, support from EU citizens is essential for deepening economic reforms and ensuring, never more needed, democratic legitimacy. The quest for social fairness and the need for accurate social impact assessments of economic governance measures requires individuals and groups to be informed and consulted about new initiatives and current policies,.

Is there a capabilities-expectations gap?

What the EU needs in its economic governance is “a more democratically legitimate and more accountable structure”¹² that would provide an impetus for more efficient and effective reforms. The question remains: is it possible to successfully ‘operate’ the Euro and Social Dialogue portfolio towards achieving defined objectives? Having in mind, on the one hand, the complexity and multiplicity of challenges identified and, on the other, the “arsenal” put into hands of Vice-President Dombrovskis and his responsibility for delivering results in respective policy areas.

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1. Juncker, Jean Claude (2014), Political Guidelines, pp. 7-8 Accessed on: 05.12.2014
2. See more at: European Commission, ec.europa.eu, Europe 2020 - Europe 2020 In A Nutshell - European Commission. Accessed on: 22.11.2014.
3. Juncker (2014), Political Guidelines
4. Ibid
5. Juncker, Jean-Claude, Mission Letter to Vice-President Valdis Dombrovskis, 01.11.2014. Last accessed on: 26.12.2014
6. See more: Juncker (2014), Mission Letter
7. Ibid, Juncker (2014), p. 5
8. See more: European Central Bank – European cooperation: <http://www.ecb.europa.eu/ecb/tasks/europe/cooperation/> Accessed on: 24.12.2014.
9. Ibid, Juncker (2014), Mission letter
10. Ibid, Answers of the Vice-president Dombrovskis to the EU parliament. p. 6
11. Bruce, Andy and James, William, UK and Germany say EU reform must be fair to non-euro members, Reuters: online article 28.03.2014. Accessed on: 12.01.2014.
12. Ibid, Juncker (2014), Political Guidelines