


Procedure file

Basic information		
INI - Own-initiative procedure	1997/2252(INI)	Procedure completed
Democratic control of the Economic and monetary Union EMU		
Subject 5.20.01 Coordination of monetary policies, European Monetary Institute (EMI), Economic and Monetary Union (EMU)		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs, Industrial Policy		29/10/1997
		PSE RANDZIO-PLATH Christa	
	Committee for opinion	Rapporteur for opinion	Appointed
	INST Institutional Affairs		26/01/1998
		PPE HERMAN Fernand H.J.	

Key events			
24/10/1997	Committee referral announced in Parliament		
18/03/1998	Vote in committee		Summary
18/03/1998	Committee report tabled for plenary	A4-0110/1998	
01/04/1998	Debate in Parliament		Summary
02/04/1998	Decision by Parliament	T4-0212/1998	Summary
02/04/1998	End of procedure in Parliament		
04/05/1998	Final act published in Official Journal		

Technical information	
Procedure reference	1997/2252(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/09443

Documentation gateway					
Committee report tabled for plenary, single reading		A4-0110/1998 OJ C 138 04.05.1998, p. 0005	18/03/1998	EP	
Text adopted by Parliament, single reading		T4-0212/1998 OJ C 138 04.05.1998, p. 0142-0177	02/04/1998	EP	Summary

Democratic control of the Economic and monetary Union EMU

By adopting Christa RANDZIO-PLATH's (PES, D) report on democratic accountability in the third phase of the EMU, the Committee has underlined the important role that Parliament will have to play in making this process more democratic and transparent. In her report, Mrs RANDZIO-PLATH stressed that the EP had a large number of powers enabling it to participate in EU monetary affairs in the light of Articles 103, 104, 105 and, in particular 109 of the Maastricht Treaty. Key elements in her report are: the independence of the European Central Bank (ECB), the role of the ECB in the Maastricht Treaty, comparison of the independence and accountability of central banks, the monetary dialogue ECB-EP, the procedure for appointing members of the ECB's Executive Board, the ECB's reporting to Parliament, the ECB's publications and, finally, the role of the ECB in the EMU. The Committee adopted with large majority a motion for a resolution, with the following key issues: - The independence of the ECB will go further than that of any other central bank and that this unprecedentedly high degree of independence will call for a correspondingly high level of democratic accountability, as real independence requires legitimacy in order to be lastingly accepted; - As the future ECB will conduct a single monetary policy for all member states taking part in EMU, democratic accountability must similarly be exercised at the European level. As the only directly elected institution at this level, the EP is a particularly appropriate institution to hold the ECB into account; - Therefore the organisation of a dialogue between the EP and the future ECB on monetary and economic affairs should be provided for by a formal agreement; - The ECB was asked to state clearly its definition of price stability and to report annually its price stability target to the EP; - The President of the ECB, jointly with the Commissioner responsible and the President of the Ecofin Council will be invited to take part in the general debate on monetary and economic developments, on the basis of the Annual report of the ECB and the Annual Economic Report produced by the Commission; - The ECB was urged to include in its annual report: * a description and evaluation of recent inflation trends and an explanation of past monetary policy decisions in the light of these trends; * information concerning the use of intermediate monetary targets; * a description of how monetary policy can support the general economic policies in the Community; - The minutes of the ECB Council should be published in the form of summaries which should include the decisions taken and the reasoning behind them. Publication should take place at the latest the day after the meeting. These summaries should also explain how the decisions are linked to and affect other policies. Full, detailed minutes should be published at the latest 5 years after the meeting; - An important compromise amendment, tabled by PES and EPP, was an urgent call on the governments of the member states not to appoint candidates for the Executive Board of the ECB that do not have the approval of the European Parliament. The Committee called, in the light of this experience, for legal consolidation of this practice at a later stage. - Finally, the need was stressed for a set of rules for the coordination of economic policy in Europe, possibly in the form of an interinstitutional agreement between the EP, the Commission and the Council, including the procedure of the Annual Economic Report, the broad economic guidelines and the excessive deficit procedure. The rapporteur's proposals for amending the Treaty with regard to the second appointment procedure for candidates of the Board of the ECB and a motion of censure by the EP against the President of the ECB as well as the creation of an EP Banking Committee, with tasks similar to that of the US Senate Banking Committee, were rejected. ?

Democratic control of the Economic and monetary Union EMU

Reaffirming that the independence of the European Central Bank and its democratic accountability were two sides of the same coin, Mrs Randzio-Plath pointed out that Parliament had argued right from the start for this independence. However, as the Maastricht Treaty and statute of the Bank gave this institution not only rights but duties, she cited, in this last respect, its obligation to report to Parliament. Transparency, she added, insofar as this could allow the ECB to gain credibility and trust among public opinion, was in the Bank's own interests. In addition, the rapporteur stressed the need for regular monetary dialogue between Parliament and the Bank which, according to the applicable law, could occur at any time at the request of the President of the ECB or Parliament. In addition to this dialogue, it would be sufficient and desirable to formally hold quarterly meetings with the parliamentary committee responsible. As for the members of the Bank's Executive Board (on the subject of which Parliament did not demand the publication of details about their opinions during voting), Mrs Randzio-Plath confirmed that persons of high personal integrity with the professional expertise to have a clear vision in terms of economic and monetary policy needed to be appointed as members of the first Board at the head of this European institution. The Members who spoke on behalf of their respective political groups all called for the ECB to work transparently and ensure that it accordingly gained the trust of the people. Noting that the debate had been marked by the split between two cultures (one more Nordic and the other French), Commissioner de Silguy stressed that the ECB would play a vital role as the authority responsible for the EU's monetary policy and that, as a result, its independence could not be called into question. He then rejected any amendment of the Treaty as this would be equivalent to opening Pandora's box. Mr de Silguy argued instead that the charm of the contents of this box should be exhausted first. Having pointed out again that price stability was one of the ECB's priority objectives and that, in this respect, the Bank's independence was an essential condition, the Commissioner tackled the issue of relations between the ECB and the Community institutions: as the Treaty provided for Parliament's consultation on the nomination of the President and other members of the Board and as an annual report from the ECB would be submitted to Parliament, Mr de Silguy felt that there was no reason to doubt that independence and dialogue could not and should not go hand in hand. He also suggested that the ECB President should be invited to the European Council every year in June, when the broad outlines of economic policy were adopted, to present his monetary policy. This could at the same time lead to possible debates on this subject within Parliament so that the representatives of public opinion were involved within this dialogue at the highest level. Finally, the Commission was prepared to consider concluding an interinstitutional agreement on the coordination of economic policies but Mr de Silguy said that a third partner would be required to conclude such an agreement, i.e. Council's agreement would need to be obtained.

Democratic control of the Economic and monetary Union EMU

In adopting the report by Mrs Christa RANDZIO-PLATH (PSE, D) by 200 votes to 23 with 12 abstentions Parliament stressed that the independence of the future European Central Bank (ECB) would go further than that of any other central bank. This unprecedentedly high degree of independence should involve a correspondingly high level of democratic accountability, as real independence required legitimacy in order to be credible. Given that the future ECB would conduct a single monetary policy for all Member States taking part in EMU, democratic accountability must similarly be exercised at European level. As the only directly elected institution at this level, the European Parliament was a particularly appropriate institution to hold the ECB to account. The organization of a dialogue between the European Parliament and the ECB must therefore be confirmed through a mutual agreement. The ECB should clearly announce its definition of price stability and report annually on its price stability target. The ECB President was also invited to take part in the general debate on monetary and economic development on the basis of the annual report of the ECB and the annual economic report produced by the Commission. The ECB was invited to include in its annual report: - a description and evaluation of recent inflation trends, its inflation forecasts and the forecasts of real GDP growth upon which its target was based; - information concerning the use of intermediate monetary targets; - a description of how monetary policy could support the general economic policies in the Community. Parliament called for the minutes of the ECB Governing Council meetings to be published in the form of summaries including the decisions taken and the reasoning behind them. It also called for the adoption of rules for the coordination of economic policy in Europe, possibly in the form of an interinstitutional agreement between the European Parliament, the Commission and the Council, including the procedure of the annual economic report, the broad economic guidelines and the excessive debt procedure. As regards the composition of the executive board, Parliament called on the governments not to appoint candidates that did not have its approval.

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