



European Council: Eu Finance Minister

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1 Introduction and Executive Summary

When addressing the fate of this continent, delegates will get the chance to take the wheel as one of Europe's heads of state or government in the European Council. Contrary to last semester, there will be no bilateral agreements and progress can only be achieved in a consensual manner. During negotiations, we will therefore focus much more on convincing others to join the debate and finding a common denominator during debate. While delegates will not have the extent of crisis-style tools from last semester at their disposal, as head of state or government, they wield the power to decide on national policies and are more free to shape their country's and continent's future, than normal delegates. However, researching and staying true to the assigned position, core values of MUN, are still key to the success of debate.

To prepare yourself for debate, you should

1. Research your position,
2. identify your allies in the Council and
3. find areas that are of interest to you.

As much as during any other debate, these Guides can only serve as introduction into the matter and do not exempt from individual research. During session, however, please rather participate in the debate than conduct further research, talk to each other and never forget to have fun. [?]

2 The European Council

The European Council (EC) defines the general political direction and priorities of the European Union. It consists of the heads of state or government of the member states, together with its President and the President of the Commission. If necessary, the Commissioner for Foreign Affairs of the Commission may also attend the meetings.

The EC is not a legislating body and is therefore not involved in the process of negotiating and adopting EU laws. Instead, it takes a broader approach by setting a general policy agenda for the EU and instructing the respective EU institutions with the implementation. At its meetings, the EC traditionally adopts conclusions, which identify main concerns and how to tackle them.

The conclusions of the EC require no special or distinctive format and are open for public access. A conclusion on a specific topic should both identify the current problems and outline the necessary steps to take in solving them. They are no legislative documents, however can set deadlines and instruct other EU institutions with certain tasks. In this way European leaders can influence the EU's political course. The European Council usually adopts its conclusions by consensus.

For further information about the EC and the Rules of Procedure, check out other study guides found on ethmun.org



Fig. 1

3 Topic History

The Idea of European Finance Minister is not a new one. It has always been a topic of discussion since the creation of the EU, but, unfortunately for the many supporters of European Integration, nothing has ever come to fruition. The 2007 Financial Crisis hit Europe hard, the European Leaders scrambled to save their own economies and in those times of Financial Instability thinking about uniting the European Budget would have been a fool's errand. In 2015, after most of the European Economies slowly recovered, the idea of Financial Integration sprung up again and the creation of the Post of the EU Finance Minister had once again become something more than just a pipe dream.[11]

The main goal of the creation of an EU Finance Minister is increase democratic accountability of nations, as well as enforcing certain rules and laws. Just the creation of the Post of the EU Finance Minister will not change anything drastically, as national Finance Ministers have been coordinating with each other for years. Furthermore, most of the big deals and trade agreements signed with NON-EU countries are not signed between specific countries, but EU as a whole. Although creating the Post in itself won't cause drastic change in EU Structures, implementing further policies might. Which Policies are up for debate and which proposals have been made are elaborated in the Proposals Section of this Study guide. It is important to mention that not all proposed policies will be listed in this study guide and that independent reading will be very helpful in debating on this topic.

The main task of the new EU Finance Minister would be to oversee the coordination of fiscal and economic policies, with the goal of increasing efficiency and creation of standardised protocols for various situations. This will most definitely facilitate European integration, but whether this is a negative or positive aspect, opinions of countries will defer. Additionally, the EU Finance Minister will be responsible for enforcing and defending the Fiscal Laws in order to increase accountability and budgetary discipline among EU States. It is needed to be mentioned that the powers the EU-FM will have to given in order to follow his responsibilities is up for debate, as is his place in the EU Structure. Further tasks could include his roles as the Representative of the Euro zone and Chief Financial Negotiator when it comes to NON-EU countries. Last, but not least, it is important to think about the powers the EU Finance Minister will wield in times of a Financial Crisis (according to the Fiscal Cycle of the EU, one is coming soon).

It is completely possible that after all these discussions, the creation of a Finance Minister will fail. There are many reasons against creating such a post, the most important of them being that most countries will not like the partial loss of sovereignty and possible economic chaos that could ensue due to the imbalance in economic prowess between the different countries. These fear could result in two outcomes: the motion fails altogether or the motion passes, but the powers of the newly created EU-FM are just not enough to handle all the responsibilities put upon him. Navigating this topic will be hard, as both sides have legitimate arguments and the debate could go both ways. It is worth to mention that too much compromise from pro-Finance Minister countries could result in adverse results, as the creation of a weak EU-FM will serve no purpose whatsoever. [11]

4 Proposals [1]

Most proponents of the idea of common EU finance minister unite behind one of two proposals, one put forward by the President of the European Commission, Jean-Claude Juncker, the other, championed by French President Emmanuel Macron. While being complimentary to each other rather than two competing visions, the two differ in scope and the level to which they go into detail. Delegates are of course welcome to come up with their own proposals and use the following only as an inspiration.

Juncker's Proposal:

Speaking for the European Commission Juncker proposes to create the post of a European Minister of Economy and Finance, simultaneously a Member of the Commission and President of the Eurogroup, using the mechanisms and powers already provided for under the currently existing Treaties.

The role of the proposed European Minister of Economy and Finance

1. Pursuing the general interest of the EU and euro area economy and representing it at global level: The Minister could help

promote the general interest of the Union and the euro area economy, both internally and on the global level. The Minister would be a key interlocutor at EU level in the areas of economic, fiscal and financial policies vis-a-vis the EU institutions and bodies, the States, social partners and the general public. The Minister would also assume the function of representing the euro on the world stage. [?]]

2. Strengthening policy coordination and overseeing economic, fiscal and financial rules: The Minister could help further strengthen economic policy coordination and ensure consistency across policy areas, building on the work already done by the Commission together with the Member States. Working in close bilateral and multilateral dialogue with national authorities and the European Parliament, the Minister could also promote the coordination and implementation of reforms in the Member States.[1]

3. Pronouncing on the adequate fiscal policy for the euro area: The Minister could help in the identification and pursuit of an adequate fiscal policy for the euro area as a whole. As a member of the Commission, the Minister would coordinate the surveillance of Member States' fiscal policies, ensuring fiscal sustainability and applying the Stability and Growth Pact with the economic reading that the rules foresee.

4. Overseeing the use of relevant EU and euro area budgetary instruments: The actions supported by the EU budget are complemented by a number of European and euro area tools and bodies, such as the European Investment Bank and the European Stability Mechanism. The Minister would coordinate the use of EU and euro area budgetary instruments and maximize their impact in support of shared priorities. [3]

The Minister would not impinge on national competences or matters best dealt with at national level. [4]

Institutional setting of a Minister of Economy and Finance

By combining existing functions and available expertise at EU level, the Minister would help create synergies and thus contribute to a more coherent and efficient EU governance framework.

1. Vice-President of the Commission: A Vice-President of the Commission could take over the role as European Minister of Economy and Finance. This would allow for the creation of a visibly mandated and unified representative of the economic and fiscal interests of the whole EU and the euro area.

2. Chair of the Eurogroup: The Eurogroup could agree to elect the Minister as its President for the whole duration of the Commission's mandate. This is already possible under the current Treaties.

3. Chairing the Board of the European Monetary Fund: The President of the Eurogroup currently chairs the Board of Governors of the European Stability Mechanism. As President of the Eurogroup, the Minister would also chair the Board of Governors of the European Monetary Fund in the future.

4.Accountability towards the European Parliament: The Minister, as a member of the Commission, would be accountable towards the European Parliament on all issues related to its functions and would also be available for dialogues with national Parliaments. [4]

Macron's Proposal

Europe's inability to leave the financial crisis of 2007 behind it, the consequences of which are felt in many member states to this day, has inspired the French president to present a bold new vision for the EU. The package of reforms includes a proposal for a common EU budget. While much less detailed and partly formulated using exuberant rhetoric, Macron's proposal outlines ambitious ideas to bind the economies of the Eurozone closer together. Macron argues that in order to not fall under the influence of great powers like the United States, Russia, and China, the EU needs to obtain its own sovereignty, with more powers being delegated by member states to the central government in Brussels. In his recent speech in front of the EU Parliament Macron outlined several pillars of sovereignty, with Economic Sovereignty being one of them.





Fig. 2: Macron

The French president proposes to create a common Eurozone budget, overseen by a European Finance Minister and funded in a big part through a special "digital tax" on large tech companies. The proposal was partly met with fierce criticism both at home in France, from business leaders, and at EU level, lead by the Netherlands who promptly declared their intention to opt out of all such mechanisms. If such a proposal would go through however, it would be a major step in turning the EU from a federation of sovereign states into a sovereign federal state. [3]

5 Proponents

Several nations are spearheading the efforts to revitalize the idea of a more integrated European Union and support creating a European Ministry of Economy and Finance. Among those are:

France: French president Emmanuel Macron has a strong pro EU stance and is a leading voice for closer European integration. In 2017 Macron proposed a joint European budget and a common EU army. He has also argued in favor of tax harmonization among member states.

The countries of Central and Eastern Europe, who joined the Union in 2004 and 2007 are without exception net beneficiaries from EU funds. Net EU investment has contributed infrastructural and urban development in those states (Source = 4). It is partially for that reason that these new members, despite often opposing EU policy in other areas, welcome measures to further centralize and harmonize the financial and monetary systems of member states. [3][4]



Fig. 3: Juncker



Fig. 4

6 Undecided

Germany: While it has been a consistent position of the German government to voice support for closer EU integration, the extent of this support often amounts to not much more than lip service. The EU is quite popular in Germany, however the policy proposals on EU integration from Germany are much more timid than those coming from France. This has in part to do with the fact that Germany is by far the largest net contributor to the EU's budget, and is reluctant to take on an even bigger financial burden. There is also some skepticism for Macron's ideas within the ranks of the largest German political party, the CDU.

Netherlands, Austria, Sweden, Denmark, other smaller member states who joined before 2004: While generally supporting ideas for

further EU integration, including fiscal and monetary aspects, those member states are wary of a French-German dominance, stemming from the sheer size of their economies, of any common budget policy. Recently the finance ministers of Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, the Netherlands, and Sweden made a joint statement opposing any "far-reaching transfers of competence to the European level". [5][6][7][8][9][10]

7 Opponents

The two main opponents of this movement are the UK and Italy. Although other countries have shown partial disapproval to some aspects of the 2 proposals, the UK and Italy have refused it outright. The decision of the UK is pretty easy to understand (the reason Brexit is happening...) and as they are not in the Euro zone, their stance on the topic does not matter as much. Italy on the other hand is a major player in the Euro zone. With the rise of a populist government in Italy and from the speeches of the Prime Minister Giuseppe Conte it is easy to distinguish Italy's adversary stance to European Integration. A part of Italy's stubborn stance on this topic could be due to the diplomatic conflict between the leaders of the Italian Government and the man who proposed the idea of an EU-FM in the first place - Emmanuel Macron. Macron's remarks on nationalism in Italy escalated into a diplomatic clash a few months ago, the tensions of which can still be felt in the EC right now.[11]

8 Recent Developments

In the March of 2019, the Dutch Head of State has unofficially told Macron that they do not agree with some points of Macron's proposal. This piece of information have been reconfirmed as the representatives of Netherlands put pressure on Macron's EU budget and threatened to walk away "if the spending tool championed by Emmanuel Macron does not fulfil the Dutch government's demands, according to the country's finance minister." This is highly sensitive and for us to subscribe to this, it should really meet our requirements and desires. Only then will it be something that we will take part in", said Mr Hoekstra, the Dutch Finance Minister. From these actions, we can see that the support for an EU Finance Minister is not unilateral. Some countries that have in the past been more vague in their stances are taking a more adversary stance on this topic. [3]

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