



Report on THESEUS International Summer School and Simulation Exercise

## The Future of EU Economic Governance

17-21 June 2013, Brussels

50 years after the ratification of the Treaty of Friendship between France and Germany, Europe seems to be at crossroads. Whereas the economic integration was supposed to endorse peace and prosperity all over Europe, even more voices are putting into question the actual economic, monetary and financial policies of the Union. At a time when economic instability is creating shockwaves all over Europe, we need more than ever to apply a global approach to the situation.

During the five days of the PROTEUS-THESEUS Summer School, which took place in Brussels in June 2013, 25 students from diverse European countries had the opportunity to attend lectures from high-level scholars and practitioners. The main topics of the week were the causes, the evolution and possible future scenarios of the European crisis. These aspects were analysed and discussed from an economic, social, political, judicial and administrative standpoint.

Next to the administrative centre of Europe, the participants also worked on a Moot Court, simulating the European Court of Justice procedure. They also easily visited the European and the historic quarters.

In a presentation named “The state of economic governance in the EU”, **Professor Iain Begg** of the London School of Economics and *THESEUS Resident Researcher 2013* gave a thorough insight into the present state of EU’s economic and political objectives, challenges and potential solutions for the future. The main challenges now faced by the EU remain in reconciling the tensions between stability vs. growth, rules vs. discretion and present vs. future. Another main topic of the presentation was the possibility of implementing a full fiscal union in the EU, given the multiple crises triggered by fiscal irresponsibility and sovereign debt. Professor Begg presented a set of ideas with regard to these challenges and in the context of the EU’s return to economic growth.

**Dr Michael Lysander Fremuth**, academic council at the chair of Professor Hobe, University of Cologne, gave a speech entitled “the European financial system from a legal perspective”. He started with an overview of the background of the financial crisis concerning the global as well as the European issues. He gave a closer look up on the international and national approaches to tackle the crisis and established ties to the European ways of dealing with the crisis, namely the European Monetary Union following from the Articles 119-126 TFEU and the other pacts (Stability and Growth Pact, 6-Pack/2-Pack, Fiscal Compact) created by the Union and its Member States. Dr Fremuth dealt with the European Stability Mechanism (ESM) issue, which was the main topic of the PROTEUS-

THESEUS Moot Court 2013. He pointed out the problems following from the ESM and the judgment of the European Court of Justice.

**Dr Björn Hacker** from the Friedrich Ebert Foundation in Berlin and **Dr Daniela Winkler** from the University of Tübingen introduced the participants to the legal and political possibilities of exiting the Eurozone. Mr Hacker explained why states would consider exiting the Eurozone and which economic consequences would go with that action. Mrs Winkler then proceeded by outlining the legal framework of such an exit and the difficulties states would face. After the presentation the participants critically discussed with both of the referees how the strategy of a Eurozone exit could save the Eurozone as a whole.

**Dr Zsolt Darvas**, member of the Brussels-based think-tank BRUEGEL, described the so-called “triple crisis” of southern euro members, which is composed of a balance of payment crisis, a banking crisis and a sovereign debt crisis. He then detailed the EU’s policy to handle the crisis and compared them with the measures taken in the US. He underlined that Europe was hit much harder than the US. **Dr Georges Siotis**, Greek citizen and member of the Task Force “Greece” of the European Commission, pursued the lecture by focusing on the cultural and historic elements explaining the way Greeks consider their political structure nowadays. According to him, Greece needs great structural reforms in order to modernise its public sector. Unfortunately, Mr Siotis did not feel very optimistic. He finally gave an overview of upcoming measures.

**Professor Martin Nettesheim**, University of Tübingen, as an expert in the field of German Constitutional Law and, as a result, in the on-going Jurisprudence of the German Federal Court, gave a presentation about the actual ruling on the ESM. He stressed the fact that the German Federal Court has always been very interested in the Eurozone activities and understands its task of protection of the fundamental rights as taking responsibility of the European integration. Thus, Professor Nettesheim discussed whether the ESM and the EFSF are constitutional or not. Professor Nettesheim made the careful prediction that the judges might hold the actions of the ECB unconstitutional because it would have had overstepped its limits by promising to take any necessary measures to save the Eurozone.

**Dr Carsten Pillath**, Director General in the DG Economic Affairs and Competitiveness of the General Secretariat of the Council, presented a refreshing interactive session, in which he gave a great insight into the work of the Secretariat and the European Council. In particular, he highlighted the preparation procedure of European Council Conclusions, which takes a lot of effort and bargaining between the parties involved. Besides explaining the secretariat’s role in that process, he gave out interesting private information which allowed the participants to see behind the curtain of his work, i.e. how the preparation of the conclusions worked in practice.

**Professor Renaud Dehousse**, Centre d’étude européennes at Sciences Po Paris, and **Mr Oliver Höing**, University of Cologne, dedicated their presentations on the role of both the European and national parliaments in the context of the sovereign debt crisis. Professor Dehousse pointed out the paradox of an increasingly inter-governmental decision-making which, at the same time, has had supranational results. However, the main winner has been the European Commission to which more competences have been allocated. Mr Höing argued that national parliaments have been weakened due to the distinct role of the European Council. At the same time, he stressed the national differences mentioning the German Bundestag as an example of a powerful parliament.

**Professor Jean-Paul Jacqué**, Secretary General of the Trans European Policy Studies Association, which is based in Brussels, described the mechanism of the Eurozone summits,

which dates back to 2008. It is an exclusive body and not a summit for the parties to the fiscal treaties. Normally, the role of the Commission is to implement the decisions of the European Council. However, the Eurozone members have specific rules coming from the fiscal treaty. Moreover, the Member States can use the common framework for specific purposes even if it is outside of the treaty framework. Then, **Professor Wolfgang Wessels**, chair-holder of the Jean Monnet Chair of the University of Cologne, pursued on the subject of “Institutional changes and political reforms of the Economic and Monetary Union” by tackling the issue of the legitimacy. Some constitutional courts are involved in important decisions, such as the German one, but some others are not. To conclude, the whole European architecture is informed by a situation of crisis.

**Mr Alberto de Gregorio**, Legal Service of the Council of the European Union, gave in his presentation an overview of the legal developments in the Economic and Monetary Union during the debt crisis. His contribution provided an enriching insight into the procedures of the Council of the EU. Mr de Gregorio presented the measures that have been taken so far, but he also clearly pointed out the possibilities and constraints from the legal and the Council’s point of view.

After this broad and deep input, the fourth and fifth day of the summer school were dedicated to the simulation exercise. This year’s Moot Court treated the legality of the establishment of the European Stability Mechanism.