



EUROPEAN CENTRAL BANK

EUROSYSTEM

Mario DRAGHI

President

Ms Marian Harkin

Member of the European Parliament

European Parliament

60, rue Wiertz

B-1047 Brussels

Frankfurt, 23 July 2015

L/MD/15/443

Re: Your letter of 25 June 2015

Dear Ms Harkin,

Thank you for your letter. The ECB is accountable to the European Parliament for all its tasks, including for the advice it has provided in the context of the macroeconomic adjustment programmes. It has done so in the past, in particular when Mr Coeuré participated in a dedicated hearing on this topic in February 2014, but also in my regular hearings at the ECON committee and in my replies to written questions by your colleagues.

If deemed necessary by the European Parliament, the ECB stands ready to further publicly explain to the European Parliament its monetary policy decisions in recent years and the role it has played in the macroeconomic adjustment programmes in the interest of the euro area as a whole. As this should take place in line with the rules and customs of your institution, I have forwarded your letter to the President of the European Parliament and to the Chairman of the Committee on Economic and Monetary Affairs to clarify in what format this should take place. In this context, let me recall article 284 of the Treaty on the Functioning of European Union, which states that the President of the ECB and the members of its Executive Board may be heard by the relevant committees of the European Parliament.

Finally, let me clarify that the Vice-President could not accept the invitation extended to him by the Oireachtas because recent developments, in particular statements made by the Chairman of the Joint Committee of Inquiry, suggested that the necessary clear separation between an exchange of views and the work of the committee of inquiry could not be guaranteed. Under these circumstances, accepting the invitation would have amounted to the ECB de facto participating in the inquiry and hence discharging accountability to the

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Oireachtas. However, this is the prerogative of the European Parliament. I attach the letter of the Vice-President to Mr Twomey for your convenience.

I would kindly ask you to forward my reply also to the co-signatories of your letter.

Yours sincerely,

[signed]

Mario Draghi

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Vítor Constâncio

Vice-President

Mr Liam Twomey, T.D.
Chairman of the Joint Committee on Finance, Public
Expenditure and Reform
Leinster House
Dublin 2
Ireland

Frankfurt, 29 May 2015

VC/2015/21

Re: Your invitation

Dear Mr Twomey,

Thank you for your invitation to participate in a meeting of the Joint Committee on Finance, Public Expenditure and Reform of the Oireachtas.

As ECB decisions affect citizens in all euro area Member States, accountability for these decisions needs to be discharged at the directly-elected representation of all these citizens, which is the European Parliament. Hence, holding the ECB to account is the European Parliament's prerogative. In line with this principle, the ECB has also explained its decisions and stance on events in programme countries during the crisis, including in Ireland, to the European Parliament.

The ECB's accountability to the European Parliament does not preclude the ECB to engage in exchanges of views with national parliaments of the euro area to explain and discuss its monetary policy, as proposed by President Draghi in his letter to you. Nevertheless, the ECB does not participate in national parliamentary inquiries as this would amount to the ECB being held to account by a national parliament. Therefore, these two forms of engagement need to be clearly distinguished from each other.

Unfortunately, recent developments strongly suggest that the necessary clear separation between an exchange of views as outlined above and the work of the Committee of Inquiry into the Banking Crisis cannot be ensured.

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In particular, the Chairman of the Committee of Inquiry, Mr Lynch, stated during the recent event with Mr Trichet that “[t]he committee will be following up its own work with the ECB with Mr. Vitor Constâncio as well in the coming period”, indicating a strong role of his committee in the meeting of your committee. Furthermore, referring to the exchange of views in which I would take part, he urged in a press release that “a written transcript of the meeting will be provided to the Committee for evidence”, suggesting that my statements would be used as evidence in an inquiry in which the ECB does not participate. Finally, you stated in your invitation letter that an exchange of views with your committee would focus on “the ECB’s mandate in the context of Ireland’s Banking Crisis 2006-2013”. This differs from what President Draghi had proposed in his letter to you, namely that an exchange of views would cover “monetary policy matters related to the ECB’s mandate”, and from what had been standard practice in the ECB’s engagement with other national parliaments: to comprehensively discuss the ECB’s monetary policy in the euro area. Instead, it seems that the focus would be given to the same time period and substance as the Committee of Inquiry.

All these developments imply that there would not be a clear difference between an exchange of view in your committee and the work of the Committee of Inquiry into the Banking Crisis. Under these circumstances, accepting your invitation would amount to the ECB *de facto* participating in the proceedings of the Committee of Inquiry and discharging accountability to the Oireachtas. It would also imply discriminating against other national parliaments where the ECB has not participated in national inquiries.

Therefore, the ECB cannot accept the invitation which you kindly extended to me as long as the Committee of Inquiry into the Banking Crisis will be collecting evidence. The ECB nevertheless will stand ready to participate in an exchange of views with your committee once the Committee of Inquiry will have delivered its final report. Such a meeting outside the context of the inquiry would in our view be the best way to ensure that the Oireachtas and the ECB can interact in the same way as the ECB has done so far with the national parliaments of Finland, France, Germany, Italy, and Spain, namely in an open exchange of views on the ECB’s monetary policy.

Yours sincerely,

[signed]

Vítor Constâncio

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