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"The tasks of the European Parliament after the Lisbon Treaty "

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I would like to talk about two issues - first, why with the new Treaty we in the European Union feel there has been more responsibility put on our shoulders for the future of the European Union and second, how we should use this responsibility for the sake of Europe and its citizens. Let me start by saying that the challenge to improve the Union could never be answered with a simple formula due to the complexity that the special nature of the EU brings about. Notwithstanding this complexity of the Union, a number of basic principles guided the Lisbon Treaty reforms towards enhancing democratic legitimacy of decision making and policy implementation. The Treaty renders integration process more transparent, comprehensible, accessible and efficient. It gives a chance to bring the institutions closer to the citizens. It introduces changes related to citizens direct representation by EU institutions, indirect representations by member states, as well as general procedural changes in the legislative as well as policy implementation rules.

The institutional innovations in the Treaty generate conditions for an enhanced institutional balance. Institutions can function more transparently, democratically and efficiently. The essential core of each of them is reinforced. So each element of the institutional balance becomes stronger. Becoming individually stronger, institutions have

to act in permanent cooperation. This gives us a chance for a more efficient and effective Union.

The community method and its essential elements have been preserved and reinforced by the Treaty of Lisbon. I think first of all the right of initiative of the Commission and joint decision-making by the European Parliament and the Council.

The Commission's role as the "engine" driving forward European integration is confirmed and its monopoly of legislative initiative remains untouched, particularly in the budgetary procedure.

The new budgetary procedure is based on a process of joint decision-making by the European Parliament and the Council, acting on an equal footing. This rule covers all types of expenditure. Also the European Parliament and the Council decide jointly on the multiannual financial framework. In both cases decisions are made on the initiative of the Commission.

The European Parliament's powers as a branch of the legislative power are enhanced. The ordinary legislative procedure (equivalent of the current codecision procedure) becomes the general rule (unless the Treaties specify that a special legislative procedure is to apply) and is extended to almost all areas of European legislation, including justice and home affairs.

The Council's function as the legislative authority is also confirmed and preserved although with a certain preponderance in a few important areas. According to the clarification in the Treaty of Lisbon the European Council shall not exercise legislative functions.

In general I would say that with the distinction between legislative and delegated acts and the recognition of the specific executive role of the Commission under the equal control of the two branches of the legislative authority one can expect the quality of European legislation will be enhanced. We can make a truly better regulation.

The ordinary legislative procedure (art.294 of TFEU) is based on the principle of parity between the directly elected European Parliament, representing the people of the Union

and the Council, representing the governments of the member states. The two colegislators adopt legislation jointly.

What is changed in the Treaty is the scope of codecision. It almost doubles to reach 85 activity area (44 under Nice). When the codecision was introduced by the Maastricht Treaty, it applied to 15 areas. The codecision is extended to a number of areas where EP had only the right of consultation or where EP was not involved at all (trade). There are also new areas created subject to codecision. There are areas that used to be subject to ascent procedure. The procedure as such does not change much, except that the Council decides now by qualified majority. And as you know national parliaments have the right to intervene.

A novelty is that the Treaty stipulates that the European Council may by unanimity, and with the approval of the European Parliament, extend qualified majority decision-making and the ordinary legislative procedure to areas in which they do not yet apply. This "bridging" clause broadens possible application of the "Union method". The European Parliament will be encouraging the Council to make the fullest possible use of these opportunities afforded by the Treaty.

I believe it is our duty as MEPs to fully exploit the institutional potential generated by the Treaty. But let me also emphasize that can move faster with regard to the full utilisation of all the institutional and procedural innovations which we find in the Treaty only if we invest more in cooperation between the institutions participating in the different procedures. Certainly, the interinstitutional agreements are in this respect the major mechanisms provided for in the Treaty.

Of course whether the Parliament's role is recognised and real depends on full collaboration of the other institutions. This includes the duty of the Commission to provide Parliament in good time and on an equal footing with the Council, with all the documents necessary for the exercise of its functions. This includes also the access of the Parliament to and participation in relevant working groups and meetings held in other institutions on equal terms with the other participants in the decision-making

procedure. All three institutions should use the mechanism of interinstitutional agreements to optimise their mutual cooperation.

In order to fully exploit new opportunities and responsibilities provided for in new Treaty.

The European Parliament has embarked on the necessary internal reforms adapting its structures, its rules of procedure and its methods of work to the new situation, in particular to the new requirements of programming and interinstitutional cooperation.

The new Treaty extends to the European Parliament the right of initiative concerning revision of the Treaties. It recognises the right of the Parliament to participate in the Convention. It envisages also the consent of the Parliament if the European Council considers not to convene the Convention. Our understanding is also that the European Parliament has a right of full participation in the Intergovernmental Conference (IGC) on similar terms with the Commission. So there is a need now to define the guidelines for the organisation of IGCs, that would define clear rules on participation of the European Parliament. There is a lot of work still ahead for us, European institutions, to act through additional documents, all precisions of the Treaty.

The election of the President of the Commission by the European Parliament on a proposal by the European Council is an important novelty which strengthens the position of the Parliament in its relations with the Commission. But I would say it also strengthen the President of the Commission. Such election will enhance the democratic legitimacy of the President of the Commission and strengthen his/her position both internally within the Commission (as regards its capacity in the internal relations with other Commissioners) and in interinstitutional relationships generally. On the other hand, it also reinforces the accountability of the President to the Parliament.

Another important innovation in the Treaty that affects the Parliament's role is the introduction of programming as a means of enhancing Union's capacity to act. The Treaty proposes that the European Parliament, the Council and the Commission should agree on a programme of entire legislature. It should be based on the broad strategic goals and priorities to be presented by the Commission at the beginning of its mandate and debated jointly with the European Parliament and the Council. The three institutions

should agree on common goals and priorities for the five-year legislative term. This programme should be then translated into multiannual financial framework, including legislative proposals required to put the program into action. It should be discussed and adopted by the Council and the European Parliament, in accordance with the procedure laid down in the Treaties. In this context let me say that there is an ongoing work in the Parliament on moving to the system of quinquennial financial and political programming.

In short the new Treaty is quite clear on strengthening institutionally, formally, the role of the European Parliament.

For us, the members, I hope I can say for all core political groups this recognition means first of all growing responsibility for the future of the Union. And this is not a formal responsibility only. This is also political responsibility. Most of us read these growing formal competences and responsibilities as giving us more power and visibility in political debates, carried out prior to legislative or budgetary decisions.

I also see our responsibility for shifting European reflection and decision making towards long term perspective. As an institution, the European Parliament is well positioned to go beyond current political concerns, to avoid domination of short term benefits over long term ones.

It is up to us to ask fundamental questions, to question what is a common sense today. It is up to us in this dramatically changing world, to look anew at and propose how to reorient our goals and ways and means to achieve them.

There are certainly many questions being born in the context of dramatically changing world which might open the need to reassess some of the tenets of the European integration.

I am convinced that even if we do not know the answers to all challenges it is legitimate and useful to have our own European benchmarks when we cope with the grand issues of today and tomorrow.

I am quite sure that most of us, European parliamentarians, policymakers, scientists, and entrepreneurs alike, did not anticipate the crisis nor undertake any action to prevent

it. Even if it is not a consolation this puts us all in a pretty good company. Also, most of us are inclined today, with all the crisis experience we have, to believe that crisis prevention is unattainable also in the future. What we can do today is to work hard to cope effectively and efficiently with the consequences of the crisis, in all its dimensions - financial, economic and social - to learn from it and to take all lessons as they come to put our house in a sustainable order.

One such clear lesson, with the potential risk of generating after-shocks if not properly understood and used, is about crisis exit policies. You probably know that the European Parliament is deeply involved in legislative work on new regulations to rationalise the financial system and reduce potential risks. But we have convened also a special crisis committee where we work on longer term perspective, in particular connecting crisis exit with long term growth and competitiveness of real economy.

With all the extraordinary monetary, fiscal and financial sector policy tools - whose common feature is lack of sustainability - that were part of anti-crisis packages, the overwhelming challenge now is the adequate orchestration of abandoning them. I refer here to what we call exit strategies.

Experience of anti-crisis macroeconomic policies clearly points to the importance of the right policy mix with timing and sequencing being of utmost importance. The current crisis makes it even more complex because the traditional mix of monetary and fiscal policy is accompanied by the need of actions related to the financial sector. What makes it even more challenging is that new institutional arrangements will be available later than required (e.g. supervision system).

The normal situation would be to have the monetary exit policy following the fiscal one. This would allow all those countries that have accumulated enormous debts to avoid entry into a debt trap, which would mean that most likely they would be struggling with repayment in times when interest rates will have to be raised. The risk of growing interest rate expectations is already high today, and with time it will magnify, contributing to further strengthening of the euro which in turn can undermine the so badly needed real economy recovery and job creation.

This is a major challenge for the European economy, which requires major commitment to fiscal exit coordination and fiscal stability in all 27 member states. This will have a major impact on how smooth the monetary exit will be which the ECB has already moved to, to avoid generating systemic dependence on extraordinary measures.

In the European Parliament through crisis committee work we attach an increased importance to the content of fiscal stimulus. We should have at the European Union level a careful look into where the funds have gone. Why? Because crisis can not be disconnected from long term growth of the European economy. Member States will be able to pay back huge debts if fiscal measures indeed contribute to sustainable growth. But if the mid-term economic performance is below the growth needed to move on with consolidation of public finances, economic and social consequences will be dramatic. This in turn will make it more difficult to roll over public debt in the future.

We do not know well enough where funds pumped into European economies have been channelled. Available information points to the dominating share of tax cuts which are rather conservative in nature and petrify existing structures, or to non-tradable sectors without any impact on competitiveness. In the manufacturing sector which should play a crucial role in the renewal of growth, allowing not only for the elimination of the production gap generated by the crisis but also for maintaining productivity gains on track, public support tends to go rather to politically sensitive firms and sectors and not to those that Europe needs most: those that are innovative and future-oriented.

I would risk an observation that too often we see that short term benefits dominate over the need to invest in long term development capacities. We, European policy makers, can be accountable in offering citizens better prospects only if Europe manages now to strongly link the recovery efforts with long term growth competitiveness and sustainability because the world is already different from the pre-crisis one. And soon it will be even more so.

Even if there is some optimism around because statistics show that we are technically emerging from recession, what will be the European new normal is a big unknown. The way the financial and then the real economy crises have grown, their root causes, but

even more importantly the way in which global and European communities have reacted to them has already permanently modified the pre-crisis reality. We are waking up in a new reality. This is also because the crises hit the world and Europe at a time when existing economic and social landscapes have already been under transformation. Economic, social and political proportions, to which citizens have been accustomed and taking for granted have started to shift. When we look at the global world we can see that emerging economies restructure with a speed that cannot be compared to any European or American industrial revolution. They have also become very assertive – G20 and Copenhagen confirm this. They play a much bigger role in the global context. Institutional frameworks and proportions change as well. This is true for global order as well as for the role of governments in national economic and social landscapes. Unemployment grows even if economic activity improves. It is very likely that for a while growth will be disconnected from net employment increase. Insecurity feeling influences consumers' behavioural patterns, including the propensity to put savings into financial instruments known from the pre-crisis times. New savings are badly needed but I have serious doubts whether reforms of financial sector and system take into account the impact of those reforms on promoting growth. Funding real businesses is not yet on the banks' agenda. It is neither true that sufficient energy is invested in marketing new financial instruments that could smartly attract gradually recuperating savings.

It would be hard to assume that all economic, financial and social challenges coming with the multifaceted crisis will have no impact on people, their expectations, actions and fears. Particularly important can be the damage to the quality of social capital, without which social market economy would lose an essential element of its foundation which, I believe, gave us some resilience in the worst time of the crisis. Tolerance to inequality, never too high in Europe, can further be reduced. People get more sensitive to social and revenue divide. There is a risk of a new populism finding its way to all political families. Intergenerational solidarity can also be weakened. This is not only about the climate change. It is about many other budgetary trade offs (e.g. pensions vs education, research vs state aid for industries, etc), leading to contradictory budget demands and making budget consolidation even more difficult.

Trust in public institutions and this includes the European Parliament, as well as all other European institutions, will depend on the perception of their effectiveness and fairness in getting us out of the crisis and putting economies and social services on a long term sustainable track. But new public institutions, governments will most likely be much bigger than those of yesterday which will translate into higher costs for citizens. At the same time, if public policies focus on the elimination of production gap generated by the crisis without putting the productivity gains high on the economic agenda, results in terms of growth will not meet expectations of societies and individuals.

There is a need for a new European strategy. Nobody doubts it. It cannot be disconnected from the crisis and it must build on challenges and opportunities of climate change, access to energy and other raw materials, demography, knowledge and innovation, on people's involvement on cooperation and responsibility. Europe needs more, not less, of what the Lisbon strategy has identified; it needs more, not less, structural reform.

The world and Europe are dramatically different today from ten years ago. Society is ageing with all the consequences for new markets, public finance and risk culture. There are new expectations of consumers, and there are new markets emerging to respond to those expectations. Jobs are being created in new sectors; creative industries enter the competition with the financial sector.

New growth factors emerge and the new European growth model must incorporate those new elements (creative sectors, ageing, innovation culture, new consumers' demands, low emission economy, the impact of mobile culture, energy, water and raw material efficiency).

We have to address demographics. It works and will continue for a while to work against us. It requires actions to change the proportion between working population and those living from social security. It points to the rationale of extending working age probably by 10 years and it puts on the agenda the issue of attracting young immigrants.

We have to transform our economy into a low carbon economy. And it is clear that moving towards a low carbon economy implies huge structural transformation of the

entire economy, not limited to energy and transport sectors. These are new business opportunities. But to exploit them business needs urgently certainty with regards to new climate change related standards to see opportunities in this area. Barriers for low-emission sectors have to be removed urgently. Incentives are needed for the more efficient use of natural resources, for climate-proof infrastructures, investment in new skills, new rules for public procurement (green), generating demand for low-emission products and services, support for eco-innovation.

We have to make innovation a systemic feature of the European economy. Innovation is a state of mind, it is culture, it needs systemic Europe-specific solutions. It goes beyond recurring barriers, it is about generating incentives for new behaviour.

In nearly everything we must do there are costs of today and (long term) benefits of tomorrow. There is a need of an integrated approach to policy thinking, policy formulation and implementation. The best policy delivery mechanism must be chosen with adequate tools. Rethinking growth delivery mechanism is essential and cooperation and shared responsibility should be among main characteristics of such delivery mechanisms.

Public policies, public sector, public expenditure have a role to play in this new growth model. The most effective and today efficient place for public actions should be identified. Experience shows that local and regional level interventions are today decisive for the type of dynamism and change we need, for promoting innovation, energy efficiency, job creation. Public intervention must be result-oriented and based on an integrated, not sectorial approach. 70% of public investment is today delivered at sub-national level. They can be catalyst for structural transformation we need. They can involve citizens and encourage their feeling of shared responsibility.

Cuts from text:

The role of the Commission in close association with the High Representative is recognised in respect of the capacity to conduct negotiations (even in CFSP matters). The approval of the European Parliament will be required for the conclusion by the Council of a new range of agreements.

The President of the European Council will have an essential role in the institutional life of the Union, not as President of the European Union – which he will not be – but as chair of the European Council in charge of driving its work forward, ensuring the preparation and the continuity of its work, promoting consensus amongst its members, reporting to the European Parliament and representing, at his/her level and without prejudice to the functions of the High Representative, the Union externally in relation to the CFSP.