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The strength of the community method in tackling the crisis and the role of the Lisbon Treaty

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Es gilt das gesprochene Wort

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Ladies and gentlemen

It is always a pleasure to visit Ireland, where the welcome and the hospitality are second to none. These have not been easy times for any of us in Europe, but Ireland's case is perhaps the most extreme, with the boom years that led to the Celtic Tiger followed all too quickly by the current difficulties.

Ireland has had to swallow its share of austerity, but the Irish people have faced it with their usual mix of stoicism and humour. More than that, they have approached it with enterprise and a desire to get the economy back on track as quickly as possible – a drive that is clearly working, as the latest report from the troika (Commission, ECB, IMF) showed.

I'm here today to talk about the community method and the role of the Lisbon Treaty in helping to craft Europe's response to the crisis. That crisis has shown us that the strong, dynamic, reactive and cooperative institutions foreseen by the Lisbon Treaty are now more necessary than ever if the EU is to weather not only the economic storm but also the political one.

I think it's fair to say that the fundamental lesson of the crisis is that of interdependence: now more than ever, we need greater integration to ensure that national economic and budgetary policies cannot again have such a devastating effect on the euro area and by extension the EU as a whole.

Let's be frank: this crisis was caused by irresponsible actions from governments and the financial sector which led to massive public debts that were simply unsustainable. The extent to which Europe's economies are integrated – whether or not they are part of the eurozone – means that it simply cannot support 'loose cannons' of this nature.

That's why it's obvious that Europe's response to a crisis caused by countries acting independently of one another cannot be carried out in the same fashion. Thankfully, the Lisbon Treaty has allowed us more effectively than ever before to do more together.

There are some critics who suggest that 'doing more together' has inevitably led to a shift in the balance of power, with the new roles for Council and Parliament detracting from the work of the Commission, and weakening its position as the defender of the community method.

I do not agree with this assessment. EU decision making is not a zero-sum game. The rationale of the Lisbon Treaty was to strengthen all EU institutions, because they are all part of the same chain – and as we all know, just one weak link is enough to compromise the strength of any chain.

Parliament's role as co-legislator was significantly bolstered by the Lisbon Treaty, adding to the transparency and democratic legitimacy of EU decision-making. Meanwhile, the major change for Council was probably the creation of a permanent President who can work more effectively than a prime minister of the rotating Presidency, who inevitably only performs this key role as a part-time job.

The close cooperation between Presidents Barroso and Van Rompuy has already contributed to building consensus on the many difficult decisions taken during the crisis. On many occasions they have ensured consistency and coherence. The Presidents will also play a vital role in ensuring a close link between decisions taken for the Euro area and the EU 27, each in their respective role.

But alongside these new roles for Parliament and Council, the Lisbon Treaty also acknowledges and reinforces the competences of the Commission, including its near monopoly on legislative initiatives, its executive functions and the power to adapt non-essential parts of legislation to changing circumstances.

Far from undermining it, then, the Lisbon Treaty has without doubt re-enforced the community method, and within this system, the Commission has a vital role to play. It is uniquely placed to provide coherence and to ensure that the action taken is in the common interest. You would of course expect to hear this from me. But my personal experience from the General Affairs Council is that there is an increasing demand for a more active Commission, not only as an initiator of legislation but as a source of independent, objective and technically sound analyses and proposals of where Europe's priorities should lie.

Nowhere is this clearer than in the response to the crisis. Newspaper headlines give the impression that it is Chancellor Merkel and President Sarkozy who are leading us out this crisis, and while it is of course only natural that the political leaders of the eurozone's two biggest economies work towards solutions to the current crisis, that is only part of the process.

In fact, the legislative package designed to tackle the causes and effects of the crisis was an excellent example of how all the institutions, working together in the spirit of the Lisbon Treaty, can act quickly and decisively.

On the one hand, the European Council established a task force to propose measures for an improved crisis resolution framework and better budgetary discipline. On the other, the Commission worked on a package of legislative proposals for better economic coordination and an enhanced stability and growth pact – the so-called 'six pack'.

The interplay between the task force and the Commission certainly helped to build consensus. But even in what looked like a purely intergovernmental exercise to some observers, in practice the Commission soon played a central role, insisting in particular on equal treatment for all Member States and on the need for any legislation to be in the European interest. The final legislation was based entirely on the six-pack proposal, which had been strongly supported by the European Parliament, and which set the conclusions of the intergovernmental task force within the Union framework.

In fact, such was (and indeed still is) the depth of the crisis that we really had no option but to approach it from a community-wide approach.

How else, for example, could we have addressed the problems of the financial sector, where the need for fundamental change was the most urgent? The most fundamental change in this area is the creation of a new supervisory structure, comprising three EU authorities with binding powers over the EU's financial sector, and the creation of a European Systemic Risk Board – this could never have been achieved on a purely intergovernmental basis.

As for economic growth, the need here is to ensure both a rapid recovery and sustainable long-term development across the EU. This will be achieved using a combination of measures, all of which were proposed by the Commission and backed by the co-legislators.

The Commission's Annual Growth Survey - focusing on macro-economic and fiscal policy, structural reforms and growth-enhancing measures - now offers a clear assessment of the EU's economic situation and guidance for further priority actions to be delivered at both EU and national levels. On the basis of this, each Member State draws up a series of reform proposals for achieving the Europe 2020 goals, which inform each country's national budget proposals following assessment by the Commission and adoption by Council. Thus each Member State's budget priorities remain consistent with the EU's overall growth agenda, again ensuring that individual action by some states cannot threaten the overall prosperity of the Union.

The 'six pack' in particular, I think reinforces the spirit of the community method:

To start with and for the first time, Member States' public finances, in particular the level of debt and expenditure, will be subject to a much more thorough analysis by the Commission. National budgets will also have to be designed and presented in compliance with minimum international quality standards, so that budget-making is more transparent both for citizens and for policy-makers.

Second, the 'six pack' also allows the Commission to examine in much greater depth the macroeconomic situation in each country; indeed, our first assessment report was published earlier this week, highlighting 12 countries where we believe there is a potential risk of macroeconomic imbalances that could undermine competitiveness and threaten long-term economic health.

Third, the new rules also allow the Commission to take action against countries that do not respect their obligations. For euro area countries, the Commission will be able to enforce rules more strongly by proposing financial penalties at an earlier stage than before. These will be imposed automatically unless a majority of euro area Member States reject the Commission's recommendation.

It's perhaps important to stress that these measures are not designed to take away sovereignty over economic and budgetary issues from Member States. Rather, they are meant to reinforce the community method by making each Member State more aware of its obligations towards the Union as a whole.

The need to continue to work together has not gone away, however. The next challenge – complementing the monetary union with an economic union based on stability and solidarity – will not be easy to meet. The fact that two Member States – the UK and the Czech Republic, as of course you know – have chosen not to endorse a community-wide approach to stability, convergence and governance in the euro area underlines that there are still widely diverging views on what needs to be done and indeed on how to do it.

The Commission did not ask for this treaty, which sits outside the EU treaty framework. It has always argued that if Treaty revision is necessary, then the Lisbon Treaty should be adapted accordingly. For the reasons you all know, this was not possible. The Heads of State and Government of the euro area therefore took the decision to proceed with an international agreement or, as it is now called, an international treaty.

The 25 Member States that signed to the new international treaty have agreed to implement a 'debt brake' into their own legislation as well as to new voting rules and an automatic correction mechanism that will enforce compliance with the Stability and Growth Pact more effectively.

I know there is concern in Ireland, as to whether the implementation of the Treaty would necessitate a new referendum. Our understanding is that the Attorney General is looking at this issue now, and of course the Commission fully respects the internal procedures for the ratification of international treaties in each Member State.

As I said, the Commission did not want the international treaty, but nonetheless I do not consider as the thin end of the wedge, leading to the inevitable undermining of the community method. The treaty itself may sit outside the EU framework, but its spirit is clearly in line with the goal of ever closer union. Let's not forget that the aim of the new treaty is to more closely integrate the economic and budget policies of the Member States that have signed it, which is what its aim would have been also had it taken the form of a revision of the Lisbon Treaty.

That is why the Commission, as guardian of the EU Treaties, was keen to participate in the negotiations in a constructive spirit, and to ensure that whatever was decided remained consistent with the body of EU legislation.

This was what we achieved: no new institutions have been created; the primacy of EU law is clearly acknowledged; the Commission has a central role in delivery of the Treaty objectives, always in conformity with the Lisbon Treaty and the Community method. In particular, the international Treaty will use the EU institutions to ensure compliance and enforcement of the agreed rules in the long-term interest of the sovereign states. This is something which pure intergovernmental cooperation can never deliver.

Most importantly of all, perhaps, the international treaty states that its provisions will become part of the legal framework of the EU within five years – placing the future of an agreement negotiated between governments directly in the community method.

Sadly, of course, the crisis is continuing, and it's important that the spirit of unity continues to permeate Europe's response to it. I'm glad to say that it was certainly very much in evidence at the informal European Council meeting at the end of last month, where we outlined a number of what he called 'quick-win' proposals from the Commission on the burning issue for EU citizens – how to boost growth and create jobs.

One of the key measures the Commission proposed was tackling youth unemployment in the eight countries where the levels are the highest. These include both my own country, Slovakia, and, as you know, Ireland.

You don't need me to tell you that unemployment levels among young people in Ireland are nearly at 30%, and that finding an effective means of significantly cutting that figure will go a very long way indeed towards getting the country's economy back on track. What we are proposing is to use part of the €82bn from the EU structural funds that is still unallocated to help fund country-specific measures to get young people back into work, education or training.

As Ireland has been very efficient in its use structural funds, the share we can re-allocate is relatively low when compared to the other countries, but the Commission will be providing support and advice on how to better target available funding, in particular from ESF. Also, to sustain these efforts, we have recently increased the rate of EU co-financing for structural programmes by 10%.

As I said, this is a 'quick win' initiative, and we have certainly been fast out of the blocks in organising the action teams that will assess how best to invest the money available. The Commission's experts will be meeting with their Irish counterparts before the end of this month to draw up plans, and we expect the proposals for all eight countries concerned to be presented at the Spring Council meeting on 1-2 March and then integrated by each Member State into their National Reform Programme for 2012, due to be presented mid-April.

It is likely that increasing funding for SMEs will be a key element for Ireland. As my colleague Commissioner Máire Geoghegan-Quinn recently announced, SMEs from Ireland are ranked 4th in terms of success rate amongst the 27 Member States when it comes to using EU funding. They already receive an EU financial contribution of €43.4 million which represents 20.7% of the overall EU contribution going to SMEs.

But as the recent EU Innovation Scoreboard also clearly shows, Irish SMEs have struggled to keep up with the overall pace of innovation, and still find it hard collaborate with each other. Helping this dynamic sector of the Irish economy to grow further and faster will have obvious positive repercussions on the job market.

Giving these and the rest of Europe's 23 million SMEs wider access to Europe's 500 million consumers will also be a key element of helping them to grow, which is why the overwhelming support from Council for the President's proposal to accelerate the fast tracking of the single market – as the 'crown jewel' of the European Union – was particularly welcome.

I think it shows that there is an overwhelming demand for Europe to advance as one – not just the constituent countries of the EU, agreeing among themselves, but the EU as a 'project', with all its various institutions working together.

Of course, the single market has, in theory at least, been around for years, and the barriers to its completion have been largely political, because national self interest has ruled over that of the community as a whole. For example, the services directive is still not transposed in some Member States, while barriers still exist to the free movement of goods and workers, largely because of short-term political manoeuvring.

The simple truth is that with Europe 2020, with the single market, with the six-pack and the additional economic governance measures now on the table, we have the tools at our disposal to get us out of the current crisis. But these rely above all on Member States that are willing to work together towards the greater good. That we have had to take Europe to the very brink of disaster – with the prospect of the collapse of the Union's flagship initiative, economic and monetary union – to finally focus everyone's attention on the benefits it can bring, is truly indicative of just how important the community method is.

The crisis (and the fundamental changes brought about by Lisbon) has finally forced us to rethink just exactly how our European project should be built. In a recent speech at Humboldt University in Berlin, the President of the European Council Herman Van Rompuy put it like this:

"What we are currently going through is not a renationalisation of European politics; no, it is the Europeanisation of national political life. And ultimately, with all its limits and its risks, this change will make the European project stronger."

There is, I think, no clearer evidence that we have finally understood the importance of the community method – how working together we can achieve so much more than by putting national self interest ahead of any other considerations.

Thank you for your attention