

International Conference

Lisbon and beyond. Where is Europe going?

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NON-REVISED TEXT



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I would like I suppose to take your question, but to offer remarks at 2 levels. One is to try to locate briefly where does the Lisbon Treaty belong in the sequence of treaties, and what extra does it bring? Simply to tick the boxes, because I guess if we can do extra things we should know what they are, and we should plan to do them. And the second is to take some of the more political questions to do with policy on economy or foreign policy.

My own sense of the Lisbon treaty to locate it, is that it is the end of a twenty year cycle. It is the end of Europe's response, to the collapse of the Berlin wall, to the collapse of communism in Europe, to the reunification of Germany and to all the challenges that were posed at that time. Forgive me for going back in order to step forward. But back in 1989, before the collapse of the Berlin wall, the big issue then being contemplated was the establishment of the European single currency to parallel the emergence of the European single market. We then had the collapse of the Berlin wall and all that followed so quickly from it, and a discourse developed, which if I do it an injustice it's nonetheless reasonably accurate, there was a fear in some quarters expressed at a high level in political terms, that the reemergence of the united Germany and middle Europe could see a kind of emergence of a Germanified Europe. And Chancellor Kohl who was very alert to this, took very clear steps to lead the system and to lead Germany in the reassuring direction of a Europeanized reunified Germany. And the two planks of this commitment I think were found in his insistence on establishing the debate, and then through the Maastricht Treaty and other treaties the substance of trying to define a European political union to go hand in hand with the emerging European economic and monetary union. And I think the clearest measure of that was his willingness to insist, in spite of all of the faux memory of the collapse of the Weimar Republic, and of the currency that the mighty deutschmark would be set to one side and that Germany would be a founder member state of the monetary union. When we did master it, we had this single currency so that the plan for EMU, we had the addition of the plan for political union, it expressed itself in the form of the two pillars dealing with justice and home affairs and common foreign and security policy, and it represented as all treaty making does in Europe the available consensus of the then member states by unanimity and part of that consensus was that some of the business of institutional reform had been left unfinished. And the unfinished business to do with voting,

to do with weights in voting, to do with extending the then new concept of co-decision and qualified majority voting, all of this was extended in the treaty of Amsterdam, whose political leftovers matured into the treaty of Nice. The response to which developed into the convention of Europe the outcome of which was the Constitutional treaty, the demise of which was the negative vote in France and the Netherlands. The consequence of which was the Lisbon Treaty and the wobbly part was the Irish first rejection.

And so we've arrived at this form of closure, of a circle that opened its journey 20 years ago was a consciousness that Europe needed a political momentum as well the economic momentum to regroup itself and to prepare itself for its challenge of enlargement. Meanwhile of course as we know the world doesn't stop spinning on its axis and so the other challenge is of globalization, financial integration, free movement of capital, the emergence of China, India, Brazil and others all advanced at pace. And in this context it seems to me, looking at Lisbon, it took so long to bring about, it started in Laeken with a declaration in 2002, and it entered into force on the first of December of last year 2009. It was arguably not the most ambitious of the treaties to which I've referred since the collapse of the Berlin wall but its passage from conception to birth was the most difficult. Reflecting the political difficulty of achieving trade offs, acceptable on a unanimous basis to an enlarged more diverse Europe. And it is evidently the case that while we're sitting with a blank sheet of paper to draw up the contemporary form of such a treaty, we would have some other concerns also on our mind. But it is the product of the available consensus, and because of its difficult passage to birth we will live with it, in my view, for most of the coming generation and it has within itself some possibilities for reforming treaties short of the full elaboration that attended Maastricht, Amsterdam, Nice, the Constitutional treaty and Lisbon. Within that treaty the European parliament, and you've asked me a question about the politics, but first about the process, the European Parliament is a big winner in that treaty. But in my view this is not about the growth of the Parliament as an institution, it is about the growth of the quality of democracy in the European Union. It is another form of check and balance in the system. Qualified majority voting to replace unanimity, yes, but the check and balance of greater parliamentary role and accountability. The Parliament also will be a much greater player in the budget, and I think this will have implications for the future shape of the next financial perspective and for the allocation of funds across the different areas of expenditure, and possibly for what should be the level of ambition of the European budget on which there will be no easy consensus between those who pay, those

who benefit, and those who regard it as a relatively modest budget in overall terms. The second parliamentary qualitative improvement is that for the first time ever, however modest it may be, national parliaments are called upon to play a role in animating the idea of subsidiarity. This was introduced in Edinburgh in 1992, but it has taken 17 years to finally become ratified in an institutional and procedural sense, so all of our national parliaments, including our host parliament here in Rome, need to prepare the way to be efficient animators of this concept of subsidiarity in action. We have a range of developments through the charter of fundamental rights, the European Union accession to the European Convention on human rights and the introduction of the concept of a citizen's initiative to seek to make the union more conscious of individual rights, to animate those rights throughout the formulation of union policy and to respect the role of citizens in a more comprehensive way, and indeed as we know, that concept of citizenship as complimentary to national citizenship, has already been with us since the Maastricht Treaty. The novel institution of development of a council permanent presidency and of a high representative of what a jewel role vice president of commission and chair of the general affairs, or foreign affairs council, have been perhaps in media terms, the spaces, the individuals, and the issues most commented upon. Let me return to those in a moment. But let me also add, that perhaps one of the most interesting and potentially costly effects of the Irish-European compromise for the second Lisbon referendum, was the decision to return to the concept of one commissioner per member state. In the context of an ever enlarging union, whatever the pace of that enlargement. It seems to me that the endless growth of the scale of the commission risks to diminish its capacity as an act or in terms of community method and collegiality. I think there are ways to seek to minimize that risk, but it is in my view one of the costs that was a necessary compromise to achieve, if I might say, the larger good. I think that if I look at what happened last year, and over the years before it, we arrived at the end of 2009 more exhausted than exhilarated, but I would argue that it's a much better place to be, than to contemplate the unimaginable consequences had the Irish electorate voted no for a second time. And so we should not make the best of all the things, we should like to see the enemy of the good which is the available Europe through this institution of process. I think that we still have a number of strengths which we can strengthen with Lisbon. Ours is a unique transnational capacity to act together, to legislate trans nationally, and to adjudicate disputes trans nationally in a way that has no parallel. Our single currency, for the many issues, grace and other issues that we could touch on, nonetheless helped us to ride the worst waves of this crisis.

Imagine the alternative of multiple, successive, competitive devaluations in its absence, as a response to the crisis and think of the shattering effect on the relative unity of the internal market. And so that too is a strength not to be minimized. I think we should aim to up our game in global terms, but let me return to that under on some political remarks.

On the economy the treaty of Lisbon under articles 121 and 136, provides the capacity to develop better coordination for policy in the Euro zone and a deeper preventative form of surveillance. It remains to be seen what specific measures will be proposed, but there is a new legal base to allow some deepening of multilateral surveillance and economic cooperation at least for Euro zone states. So there is a job to be done, defined and lead by the commission and by the other institutions. Our role at the international level, not just to do with the broad security and defense and UN issues, but to do with G20, to do with the international monetary fund, to do with world bank and so on, is far from settled, but certainly the capacity is provided for in the treaty, the question is the political will. And I think this commission has a bounded duty to the European ideal to insist on the emergence and development of a capacity to speak more as one than as many in these fora. I don't think the treaty changes in any significant way, our capacity to respond to the banking and financial crisis. But respond to that we must in terms of learning lesson, lessons on credit and requiring banking requirements and banking, on banking supervision, on over the counter derivatives which produce such growth and banking balances off the balance sheet, and so are not really noticed until they became a toxic problem. And I think in all of this we are reasonably well served by the treaties if we find this common political will to act. On the question of security and defense, and again without yet coming to the person's personalities and so on, we have the establishment in institutional terms, of the existing European defense agency, and the possibility to build on that initiative. We have the prospect of reinforced cooperation and the challenge to build that into something meaningful. We have the priority of establishing the European external action service, which Baroness Ashton in her hearings earlier this week, indicated as her top priority, claiming that already she would propose to council the framework for this service by April of this year. And that too of course will carry budgetary implications, and therefore will spill over into a more animated role for the European Parliament through the budgetary backdoor to deal with foreign policy issues in a way that it has lacked here to for merely being informed but not being directly a player in the degree that it may be through budgets.

The budget rules will need to change. There has been through my time in the parliament

and since an inter institutional agreement between the parliament and the council, and the conduct of budget negotiations that will need to mature into a legal framework and the parliament will have powers the so called compulsory and non compulsory spending distinctions gone, meaning in effect that the Parliament will have a say over that 38% of the budget dedicated to agriculture in detail in the way it has a say already on other areas. In all of those things, in other words, as I'm kind of listing my way through this, I'm saying these are all in the treaty, and they all provide the basis to act subject to political will and the right level of ambition. And the reason I'm saying them and forgive it if it's somewhat prosaic, but a lot of our political debate can happen without sighting the new content and therefore can risk to miss at least some of the opportunities that could arise. Let me come to some of the questions. Sorry there are 2 or 3 other points just to make on the treaty.

There is an injunction on the commission, and this will happen I think in the impact assessments in all new law to take full account of the charter of fundamental rights. It will be interesting to see how the shape of legislative proposals will be rebalanced in the light of that. Permit me to recall for you that it in the Lisbon Treaty there is an emphasis on an open competitive social market economy. There's a lot of words in that one bit competition, one bit social, that puts a high emphasis on a competitive economy with a high level of social protection. This form of words was not in an earlier treaty, and those words from the treaty, combined with articles in the charter of fundamental rights, will in my view, lead to some re-balancing of some of the debates between the competitive and the social. Not would aview to producing a hierarchy, one over the other, but would aview to producing a reconciliation of rights, in a way that may not have preexisted the Lisbon treaty. Specifically for example, I would imagine legislation like the posted workers directive, now where the Latvian worker goes to build the school in Sweden, and then has a big court case arising in the European court of justice over the pay rates, that that kind of legislation may well need to be reviewed in the light of these new balances that need to be reconciled.

Article 7 of the charter of fundamental rights makes specific reference to the right of privacy of citizens. I believe this will require an overhaul of European data protection law, one part of which will be security sensitive for the state to be able to track its concerns about terror, the other part of which commercially sensitive to do with the googles and others in the world who mind their way through consumer data as a means of targeting advertising. And I think there will be a very big debate in that area, and it will need to be revisited under the treaty. Also articles 10 and 19 of the treaty deal with anti discrimination, gender, religion, sexual orientation, ethnicity and so-on, and I think that will indeed see

some new legislative proposals in this kind of area.

So the answer then, and forgive that introductory part, but if you look at Lisbon and the charter, there are things to be done that were not there to be done before, and they challenge the institutions and their leaders to address those things and to take advantage, there are more, but I think what I've described covers the main points. Let me come to some of the political points tele-dramatically, so I can come back if we have time later. Does the Lisbon treaty simplify the European Union and its operation or multiply the confusion about how it works? Van Rompuy question is a good example. And my own view is in this moment of transition, that it risks to confuse, but my advice is not to confuse transition with the eventual outcome. Could I point out already in respect of Mr. Van Rumpuy that he will chair all summit meetings, whether they are held in Brussels, or whether under the Spanish presidency they are held in Spain. Secondly, when they are held in Spain, summit meetings which will be chaired by the new president of the council, will as a matter of protocol, respecting already the work done in preparation by Spain, invite prime minister Zapatero to be the first to speak. Thirdly all summits with third countries like Russia, not USA because that would be in Spain, but happened on the territory of the third country, will be attended and chaired on the European side by President Van Rumpuy unaccompanied by the rotating presidency. So we should understand the changes are afoot, but at this moment of transition that some things were in place. And my own expectation is because the second semester would be a Belgian presidency that they will particularly assist a former Belgium prime minister to iron out the creases in this moment of transition. And I do not expect, if Mr. Van Rompuy is doing his job, that it would permit a backdoor re-entry of excessive waitingness to the rotating presidency concept. Let's wait and see. But I actually think it will go in that direction. It's interesting and instructive to see that at Coreper some weeks ago the suggestion was passed to the ambassadors that the president of the council would like summit meetings to be attended by the heads of government or state, but not by the foreign ministers. Coreper ambassadors who take their instructions from their offices unanimously rejected the suggestion, which Mr. Van Rumpuy then made at a summit meeting, and it was unanimously accepted by the heads of government and state, indicating indeed the changes in the air and that their foreign ministry domination of setting that part of the agenda will be circumscribed in the new context. Also it is my expectation, with regard to future summit meetings, that Mr. van Rumpuy will strongly control that nature and the length of the conclusions and will reveal them at a later moment in the process, than the kind of arbitrage that has multiplied and confused council conclusions for

years through excess in terms of volume and range of subjects treated. So again watch for that. If I could say on the Copenhagen question, I agree with Francesco Rutelli, the absence of Europe from the photograph, the famous photo-call with or not photo-call but in the room of the United States, China, India Brazil and South Africa, told a lot politically. And I think Europe has a big challenge here, what we've managed to do is to give leadership, we've set our twenty-twenty horizon, criticized by some as not being ambitious enough, by others as being too ambitious without a global agreement. I regret to say my expectation is not to do with Europe, but to do with life, is that in the next twelve months we may not arrive at a legally binding post Kyoto agreement. I do not believe that any US president, including President Obama, will win the necessary vote in the US senate, which requires a very large majority, which he does not have in that senate. And secondly I believe that China and India, China in particular will continue to insist on its right to develop its own economy, and to have some margin of maneuver in this space. And so Europe has a huge political challenge here, what we've done is we've given leadership on planet Europe, but the photograph tells us it hasn't translated into leadership on Planet Earth. And the question is, how Planet Europe and Planet Earth find the political capacity to make Europe's wish to give leadership take some root. If it doesn't happen, if there's no legally binding agreement, and if we act unilaterally cause we've committed to do this , it poses a very major question to do with industrial policy, and economic development and competitiveness about how Europe locates itself and its industrial base in global terms if it takes on this burden of adjustment on a purely unilateral basis. I think the question of, not the abandonment of objectives but the political plan B I'm watching for, I'm not hearing any noises about it yet, but Plan A, the main line when in Copenhagen give global leadership didn't work, and Plan B will have to express itself. On the EU-US again if I might take an image, but I could say a lot in transatlantic relations, and I don't have the time, but I was fascinated to see that when the Swedish presidency held the summit meeting in Washington D.C, that unlike the protocol that I think was followed since President Carter of there being an official lunch at a Presidency level with the President of the United States that the last time the official lunch was with the Vice President, Joe Biden, even as the president was in Washington and in the White house. And that is telling us something, which is larger than the question of who sat at the table. On enlargement, I think there is in particular to do with Turkey, a dishonesty at the heart of our European debate, which is not serving us well. In the one part we have the formal logic of *pacta sunt servanda*, that we've given our word and that is our bond, and that Turkey's subject to all the conditionality, can

negotiate its way in. On the other part, we have the whole debate about privilege partnership, we are confused in our offer, they are confused by our offer, and they have their own internal confusions which I won't address here. But it seems to me, that if you want the European public to come with you on big questions, it might be useful to know where you wish to bring them, and I think our Turkey debate is an example of confusing mixed signals. And is a arventure of the difficulty we will have in an emerging foreign policy even with a new player such as Baroness Ashton, if we don't get our strategic priorities right, and here let me say that I think an important and necessary debate that we need to have honestly in our politics, is how to promote a shared European prospective in a context, in particular I might say where our key capital cities and larger states but not only them, show a strong preference for the expression of bilateral policy interests with third countries. If we're trying to develop a European energy charter in a dialogue with Russia, at the same time as key leaders and states do bilateral energy deals with Russia, please don't fool ourselves to suppose we're Europeanizing and collectivizing our energy strategy. And it seems to me, these issues of National versus European interest, and short term versus long term interests, need to find some via natia , it strikes me that there's a way to start from the top down

firstly to recognize that global interdependency is here to stay and is irreversible, secondly to recognize that the 21st century will have a new order, and the emergence of China and others and this G2 concept in which we spoke among other thoughts, and the emergence of G20 poses a different context on which to seek and resolve issues, and thirdly yet to locate common European within that. If we can't get it right from medium to long term, we will be ensnared in the consecutive series of bilateral policy preferences. Earlier today for those who may of missed the morning, one sector was referred to one could pick others the energy sector with the Baltic pump line on the one part , Russia to Germany, or Italy's reserves about the Nabucco Pump line project, and I just offer them as 2 among many examples one could pick of the need to reconcile in that space. On the 2020 agenda about the economy, apart from banking supervision, capital ratios and so on , I think much of what I'm hearing in that agenda about smart or green or knowledge economy, knowledge society, new skills, more sustainability, I can tick all those boxes and say yes, but there's a dreadful sense of déjà vu ou bien déjà écouté. And if we look at the Lisbon agenda 2000 – 2010 it failed because of the enormous gap between our aspirations and our delivery. If we're having a new debate about new aspirations I would hope we will have less of them but more concrete. Secondly we need to match policy objectives with policy instruments,

otherwise aspirations cannot be delivered. And then if you have a delivery gap as Wim Cok remarked halfway through the Lisbon agenda, you get a credibility gap. To avoid a credibility gap, we need to match a lesser number objectives to a specific number of instruments. Francesco mentioned one as a possibility, the development of Euro bonds to allow the EU in its own right to engage in investment activity. I would add to that in it's related but not necessarily contingent on that, the potential emergence for major infrastructural projects of EU public/private partnerships, as distinct from state or regional public/private partnerships. I would add a third example, Europe sets the legal framework for public procurement, the laws have been around for a good while since the beginning of the internal market, I think they need to be renewed, let me give you a statistic. Member states, regional governments, and municipalities, between them spend 25% of European GDP on public procurement. The EU budget is worth less than 1%. Imagine if the EU budget could mobilize 1/5 of public procurement in respect of infrastructure and economy through legal changes and through openness to a new mechanism. So in other words when I talk about instruments , I have something real in mind, not something wooly. I think our debate needs to move from sound bites to substance, and the bridge to substance is instruments and not only objectives. Finally in closing, and I'm sure I've warned your patience, but I've traveled a bit of a way, and forgive me it's a while since I've spoken on these things. Could I say as my role of European movement international president, can a few things I would kind of appeal for in this context to summarize. One I think there's a duty on the commission, and President Van Rompuy, and Baroness Ashton and under European Parliament, in their respective ways, but collectively to fashion a visible and tangible level of European Union ambition. If I might digress to establish my point, I listened with care to the hearing of Baroness Ashton, and she has the gift of starting her office with low expectations, which means she could be extremely successful, and I observe that not in a cynical way, but the expectations are relatively low. But whatever about expectations, our level of ambition should be tangibly and visibly European, and there is a duty on the European Institutional leaders to fashion that. Secondly I mentioned earlier, but I would underline the need to promote through thinking long-term and strategically about shared European interests, to try to develop them into a coherent foreign policy, whether commercial, whether development or whether security and defense to overcome the propensity for bilateral preferences, and I think that is important. Hardly I think we are wolfly communicating Europe, I think there's too little of Europe in curricula in schools, there's too little mobilization of European NGOs, I think we tend to become

very European when we're rotating presidencies or referendum and kind of forget about it, but after that I think it doesn't work. Let me quote the Conte di Cavour "L'Italia è fatta, adesso dobbiamo fare gli Italiani. L'Europa è fatta, adesso dobbiamo fare gli europei" and I think that which is a thought of Baroness Catherine is one that I would commend to conclude.