

**Speech to the European Council – 14 March 2013**  
**by Martin Schulz, President of the European Parliament**

Brussels - 14 March 2013

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Ladies and gentlemen,

At the Spring Summit, we traditionally address issues relating to economic and social policy. The decisions taken at these summits have a direct impact on the lives of ordinary people in Europe. Against the specific backdrop of our current situation, however, today's summit takes on even greater significance, as we have still not dealt properly with the social consequences of the financial crisis. Far from it, in fact – since the last Spring Summit, two million more people have lost their jobs, youth unemployment has continued to soar, taking on truly alarming proportions in some Member States, poverty levels have risen even further and in many EU countries the real economy is still struggling to obtain the financing it needs to expand. Quite rightly, people are looking to the EU to acknowledge their concerns and the hardships they face and to come up with solutions to their problems, which in many cases are serious enough to put their very livelihoods at risk.

When I look at the agenda for this year's Spring Summit, I see few proposals for straightforward solutions to the real problems facing ordinary people. Instead, my eye falls on a whole series of lexical aberrations, such as 'ex ante coordination' and 'individual contractual arrangements', and abbreviations such as ESM, for the European Stability Mechanism, and SSM, for the Single Supervisory Mechanism. European economic policy is full of these unlovely terms: EU 2020 Integrated Guidelines, the BEPGs, or Broad Economic Policy Guidelines, the EGs, or Employment Guidelines, the SGP, or Stability and Growth Pact, the MIP, or Macroeconomic Imbalance Procedure, the excessive deficit procedure, the European Semester, the NRPs, or National Reform Programmes, and the SCPs, or Stability and Convergence Programmes. Then there are the AGS, or Annual Growth Survey, the AMR, or Alert Mechanism Report, the Euro-Plus Pact, the 4+1 report, the Two-Pack and the Six-Pack.

Let's be honest: how can we still expect anyone to understand what all these terms and abbreviations actually mean? Faced with all this empty technocratic jargon, how can we expect anyone to feel that their actual problems and concerns are being addressed? If we don't want to see more and more people turning their backs on the idea of Europe, then we must make policy in a way that people can understand.

Ladies and gentlemen,

One year ago already, at last year's Spring Summit, I brought you a very clear message from the European Parliament: we do not believe any more than you do that the consequences of the financial crisis should be or can be overcome solely by means of budget cuts. We were duly impressed, therefore, when, at the June Summit, you adopted a Growth and Employment Pact. We were impressed because, just like you, millions of people in Europe believe that swingeing budget cuts which force the weakest members of society to bear the burden of the financial crisis are completely at odds with the imperative of social justice. I congratulate you, therefore, on taking the first steps towards introducing a financial transaction tax on the basis of enhanced cooperation arrangements. As you know, the European Parliament has long been calling for the creation of just such a tax. Like last week's decision by the European Parliament to cap bankers' bonuses, it symbolises the fact that social justice still means something. The people of Europe are now looking to us to honour our pledge and take equally determined action to combat tax fraud and tax havens.

Just like you, the European Parliament is convinced that deepening the recession by dogmatically implementing austerity policies makes no economic sense whatsoever. We have therefore not shifted from our position that budgetary consolidation must go hand in hand with investments to stimulate growth. We all know that without growth there can be no strong economy; that without a strong

economy there can be no new jobs; and that without new jobs there can be no increase in government tax revenues.

Ladies and gentlemen,

Only two weeks ago, Prime Minister Mario Monti's government lost the election in Italy. Irrespective of our political allegiances, we were unanimous in wishing Mario Monti success in his attempt to restore confidence in Italy and the Italian economy. I myself have the utmost respect for Prime Minister Monti. I would warn you, however, not to underestimate the implications of the outcome of the Italian elections. Whatever view we take of that outcome, we must acknowledge one thing clearly: as policy-makers, whether at national or European level, we are increasingly failing to get our message across to people. Our policies are offensive to many people's sense of social justice. To be sure, budgets need to be consolidated, but not enough is being done to alleviate the social hardship which our budgetary consolidation measures are causing. You did the right thing, therefore, in taking up the European Parliament's recommendation to introduce a Youth Job Guarantee, and I congratulate you on doing so and I thank the Irish Presidency for its efforts.

We have failed to secure enough public support for the reform approach we have chosen. We have failed to explain properly why these measures are fundamental to a successful shared future for the people of Europe. I would therefore urge you to take a hard look at what you have done and tell us precisely which of the measures included in the Growth and Employment Pact, with its budget of EUR 120 billion, you have already implemented. It may be that the measures in question have already been taken at national level; if that is so, then they have gone largely unnoticed by the general public and the European Parliament.

Ladies and gentlemen,

As you are no doubt aware, yesterday the European Parliament adopted by an overwhelming majority a resolution rejecting the European Council's current proposal concerning the multiannual financial framework. This cannot have come as any surprise to you, because my fellow MEPs had set out their position in several resolutions, the last one being adopted in October last year. At subsequent summits, I myself have repeatedly urged you to take the European Parliament's priorities and red lines into account in your discussions.

Events will now follow a course which is familiar to us from budget negotiations at national level: the European Parliament and you, the Heads of Government, will endeavour to reach a compromise which is consistent with the interests of EU citizens and which guarantees Europe's financial viability. The Members of the European Parliament have instructed me to outline to you our three key demands:

1. We want a budget which is geared to generating growth and jobs. A budget which invests in genuine European policies and thereby generates real added value: investment in innovation and infrastructure, research and development, youth and education, in short, investment in a sound future for the people of Europe.

2. We want a budget which plugs the gap between commitments and payments. We are categorically opposed to deficit financing. It would be absurd if we were to implement swingeing budget cuts at national level, in an effort to escape the debt trap, only to blithely fall into precisely the same trap at European level. If we make pledges to EU citizens, then we must find the money to meet those pledges. Ignoring unpaid bills can only lead to disaster. Plugging the deficit in the budgets for 2012 and 2013 is essential, therefore, if you want the European Parliament to come to the negotiating table.

3. We want a budget with a proper revision clause, and which offers a maximum degree of flexibility between financial years and categories of expenditure, an agreement on new own resources and a commitment to maintaining the unity of the EU budget. If we are to devise effective policies in the interests of ordinary Europeans, we need a flexible, modern budget.

Originally you had announced that you wanted to talk first about political priorities, then about expenditure patterns and lastly about money. My impression, however, is that at your last summit you

talked exclusively about money, and not at all about expenditure patterns, and as regards political priorities you moved decisively away from those set by the Commission and Parliament. You should really not be surprised, therefore, that yesterday 506 MEPs voted against your proposal.

A unanimous compromise in the European Council based on the lowest common denominator is not enough to secure the adoption of the MFF. You also need qualified majority in Parliament. In other words, therefore, you will need to engage in serious, informed negotiations if you want to turn 506 'no' votes into at least 378 'yes' votes.

Ladies and gentlemen,

Today's agenda includes an item on the drafting, for the June Summit, of a roadmap designed to point the way towards genuine economic and monetary union. In the Thyssen report the European Parliament called both for democratic legitimacy to be strengthened and for the arrangements governing economic and monetary union to incorporate a social pact. Social criteria are no different to budgetary rules: compliance with them must be monitored just as strictly, and breaches of them must be punished just as severely.

The purpose of a social pact of this kind would be to ensure that, alongside budgetary discipline, employment levels and respect for basic social values were the yardsticks used to measure Member States' performance. The European Parliament regards youth employment, high-quality public services, wages which offer people a decent livelihood, access to affordable housing, basic welfare provision and access to basic health services, the protection of fundamental social and employment rights and equal pay and equal rights for equal work as key social criteria. These are issues which ordinary people in Europe care about!

For that reason, I should like to voice once again our very real fear that the debates on Treaty amendments and constitutional conventions, however important they may be, will blind us to the fact that we must use the provisions of the existing Treaties to overcome the current crisis.

In the current situation, do we really have the strength and unity of purpose which would be needed to put the EU on a new legal footing? It would certainly be desirable, but does it make sense to schedule negotiations on a revision of the Treaties for a period during which a Member State is planning to hold a referendum on the issue of whether or not it should leave the EU?

Improvements are needed, of that there is no doubt. In particular, we must improve our cooperation in the area of economic policy. However, almost all the changes required could be made on the basis of the existing Treaties, as the Commission has already outlined in detail in its blueprint. A determined approach is also needed to the issue of the implementation of existing legislation, in particular in the areas of economic policy coordination and financial market regulation.

Today, in that connection, I should like to quote St Francis of Assisi, who said 'start by doing what's necessary, then do what's possible and suddenly you are doing the impossible'.

The Members of the European Parliament have a clear message which you should take with you into today's discussions: don't venture any further down the slippery slope towards intergovernmentalism! The Community method, as embodied in the relationship between the Community institutions, is not only more effective, it is also more democratic.

To be sure, you, as Heads of Government, have direct democratic legitimacy – you were elected by your peoples. But when you come together here in Brussels to take decisions about EU policies, you do so as a European institution. For some years now you have been taking an increasing number of legislative decisions at your level, the level of the Heads of Government, and thus effectively reintroducing the unanimity principle. At the same time, the welter of new terms and acronyms is becoming ever more bewildering, with the result that more and more people are turning away from the EU.

Ladies and gentlemen,

If we want a genuinely democratic European Union, one which has the ability to take effective action

and which is accepted by ordinary people, then the Commission must be transformed into a proper European government which is elected by, and whose work is scrutinised by, the European Parliament. One government party has gone as far as to include in its manifesto a proposal that the posts of President of the European Council and President of the Commission should be combined. Even if we are not prepared to grasp that particular nettle we do need to introduce at European level arrangements which people are familiar with from their own countries. Those arrangements are democratic, transparent and readily understandable – they build trust.

Decisions taken behind closed doors, makeshift legal constructs which sit apart from the Treaties, confusing power structures – all these foster mistrust. No wonder people are losing interest.

Europe needs clear and simple structures which ordinary people can identify with and understand. We will win back people's trust when they can understand who does what in the European Union and when they have the feeling that they can make their voices heard. For that reason we need to strengthen parliamentarianism, at national and at European level.

Ladies and gentlemen,

Last Friday, in the course of a telephone conversation, I asked Hungary's Prime Minister Victor Orbán to suspend the adoption of the proposed changes to Hungary's Constitution pending detailed scrutiny of them by the Council of Europe and the Commission. After his government went ahead regardless and pushed the changes hurriedly through parliament, a number of political group chairs have urged me to raise this matter with you, the members of the European Council. Yesterday, a majority of Political Groups decided to include a debate on Hungary on the agenda for the sitting on 17 April.

The European Union is a community of values. We endeavour to live up to those values in our relations with other countries and bodies. It is all the more important, therefore, that our fundamental European values should also be respected within the Union. We cannot remain silent if a Member State rides roughshod over them.

The foreign ministers of Finland, the Netherlands, Denmark and Germany have called for an early-warning system to be developed concerning the rule of law which would enable our Union, in cases such as Hungary, to act more quickly and more decisively. No eyebrows are raised when the EU monitors economic developments in the Member States, and it should be no different when it comes to monitoring compliance with fundamental values. The European Parliament urges you to join us in thinking seriously about what might constitute an appropriate response to a breach of our fundamental European values.

Thank you for your attention.