

Buzek's speech at the European Council, Brussels - Friday 09/12/2011

"Dear President Van Rompuy,

Dear President Barroso, Dear President Draghi,

Dear Presidents, Dear Chancellors,

Dear Prime Ministers,

Today I wish to outline the position of the European Parliament, but also to add, if I may, some personal reflections.

I would like to welcome the content of the agreement reached early this morning on a possible new framework for the eurozone. A strong signal needed to be sent, that the European Union could act decisively.

Today's crisis is not only an economic crisis, it is also, but perhaps most of all, a crisis of values. This sounds banal, almost like a slogan, but let us try and take this idea seriously.

A leading political theorist said that the market and all economic activities are first of all a moral undertaking, because they require belief in the solidity of another person. Another noticed that the economy is supported by cultural institutions because the agreements are made between people who do not know each other. They need trust, loyalty and responsibility.

Our problem is not primarily a problem of Treaties. It is a problem of economic governance in some countries and a problem of trust among us. Markets do not trust countries. Citizens do not trust politicians. Countries do not trust each other.

Last October, five weeks ago, the President of the European Council was tasked with identifying possible solutions to put our house in order, and to make our economic union as strong as our monetary union, by improving both convergence discipline and solidarity.

I would like to congratulate him, as well as the President of the Commission, who has been closely associated with this work, for their report. I would also like to commend the efforts made these last weeks by Member States to provide food for thought.

Citizens, markets and institutions require stability. And citizens won't accept to change the rules of the game unless they can debate those changes.

Ladies and Gentlemen,

The core issue of our discussion today is the sovereign debt crisis in the eurozone. We need both long term and immediate solutions.

The European Parliament was sceptical of any Treaty revision. My colleagues in the European Parliament feared treaty change will take time, it will not provide any immediate relief, and that the process of ratification and referenda may only increase instability.

The European Parliament believes that we should use all the instruments already available to combat the current crisis: enforcement of the existing Stability and Growth Pact, deeper structural reforms,

new constitutional breaks on public debt, and a functioning public sector - including tax collection systems - that works in all countries. Eurobonds are not heresy. A redemption fund is worth discussing. The European Central Bank can choose to assume greater latitude of action. Here we welcome the increased funding of the IMF. This is not the time to lack ambition.

We also need to complete the internal market by closing existing gaps and bottlenecks. We need to complete the financial service regulations. We need to establish and implement swiftly a new capital requirement directive based on Basel principles. We need to bring investors back to a well regulated, secure and stable environment. We have to have a debate and a decision about a financial transaction tax.

We need to be serious about competitiveness. We had the "open method of coordination", the Lisbon Process and Europe 2020 - which meant nobody took legally binding engagements.

#### FEWER DIVISIONS IN EUROPE; MORE COMMUNITY METHOD

The European Parliament strongly believes that all solutions should be within the EU framework, now or in the nearest possible future. We are against any creation of new divisions among Member States. We can not accept that one or two countries that have doubts about integration will draw us into a permanent division. If some countries refuse to decisively strengthen the rules for the eurozone, we can also do this within existing treaties via enhanced cooperation using Article 20 of the Treaty on European Union. This can help deepen eurozone economic governance and allow for a smooth functioning of the euro area. What is crucial is that this is a solution within the existing treaty framework and open to all member states, and involving the EU institutions.

We are the Parliament of the eurozone, as much as of the European Union as a whole. We are concerned about the sudden emergence of new bodies outside the normal Council or European Council system. If there is to be Treaty change, the new Euro Summit, the strengthened Eurogroup and other new institutional arrangements for eurozone governance will need to be brought within standard Community procedures as soon as possible.

The European Commission should be allowed to play its proper role as initiator of legislation, guardian of the Treaties, and guarantor the interests of all of countries big or small, rich or poor - or in and out of the eurozone. We welcome the Commission's initiative to 'communautarise' aspects of the EFSF and ESM, and we hope that any new initiative will go along the same lines.

#### CENTRAL INVOLVEMENT OF THE PARLIAMENT IN ANY TREATY CHANGE

If there is any change to primary law, then we want you to respect the current Treaty amendment process, including the convening of a Convention. For such an important decision you need democratic accountability. Such a Convention does not need to take six months, it can take six weeks. This depends on the mandate and the good will of all parties.

In order to achieve this, the European Parliament needs to be fully and actively involved in the discussions on possible changes to the treaty from the start. When deciding about the future of Europe, we need to gain support of our citizens. If you want to strengthen fiscal rules and give greater power to a supranational body - you really need this support. There can be no short-cut with democracy on such a decisive matter.

In all of this, we need to remember that the Lisbon Treaty has made the European Union work better. The upgraded role of the European Council has been positive. The two-chamber legislature - the Council and the European Parliament do a good job. When we decide on financial services regulations or the European Semester, financial oversight through new agencies, capital requirements and the

recent Six Pack on economic governance – our EU system has shown that it works, even if sometimes we could be quicker and braver in what we do.

Your second topic of discussion for today - energy - is a good example of how we can better face up to challenges when we do it at the EU level. Energy is the engine of today's and tomorrow's economy. We need to jointly invest in it. We must build a smart energy grid across Europe, to complete the single market in energy. We need common investment in energy research and development in the Strategic Energy Technology Plan. And we need the ability to jointly purchase our energy resources from outside the EU. This is why a year ago the European Parliament called for the creation of a real European Energy Community.

Dear Colleagues,

If the future is clear today's solutions will come more naturally. As President Mario Draghi said at the European Parliament a few days ago "Sequencing matters. And it is first and foremost important to get a commonly shared fiscal compact right. Confidence works backwards: if there is an anchor in the long term, it is easier to maintain trust in the short term".

Having different time horizons is important. If we don't combine perspectives and solutions using different time horizons, I fear that confidence will be difficult to restore.

Which responsible central banker would accept to commit his resources to support a government in a difficult situation with the markets if he or she is not convinced that this government is taking the right steps to prevent risk of solvency in the short and long-term?

#### RECONNECTING WITH CITIZENS

Ladies and Gentlemen,

To reconnect with citizens, we need to explain our decisions better and more clearly. We have to be honest and say that we need to make tough decisions to survive this crisis. And that we have a broader vision behind them. Without this, people will not follow us, because no one wants to go through sacrifices without seeing the goal.

In my country, in the 1990s, we went through extremely difficult reforms. Our reward was EU accession but we did it for ourselves. To leave our communist past behind and create a functioning democracy, an effective economy and real social welfare.

Second, we need to strengthen the reporting mechanisms to the European Parliament. The President of the Euro Summit and of the Eurogroup should report back to the European Parliament. I welcome your support in this process, Mr. President.

We should develop a similar relationship with the new EFSF/ESM, as we currently have with the European Central Bank and the European Investment Bank - strong independence but with meaningful democratic control.

Third, we need to give greater legitimacy to the College of Commissioners. The Commission is fundamental to the integrity of our system. We can do this even without any Treaty change. I believe that the next European Commission should be drawn from members elected to the European Parliament. After the hearings organised by our Committees, the College can be elected by MEPs. This would give a double legitimacy - a direct one to national electors, and a European one to the Parliament. Without strengthening democratic oversight we will not be able to convince our citizens that the decisions we are taking are right and necessary.

## REBUILDING TRUST

Ladies and Gentlemen,

As I said at the beginning we have a problem of trust. All of us know how many times the rules were broken, and I am convinced we also know the price of such actions.

To rebuilt trust we need to prove we are able to stick to our own debt and deficit rules, and apply sanctions when they are broken. There is no solidarity without responsibility

We need a "mutual commitment" clause. This would be an absolute commitment that states which receive solidarity will make the changes needed, and those who lend money will do so if the changes are made. Responsibility and solidarity need to go hand in hand in the fiscal union most member states wish to establish. Solidarity through the EFSF and the future ESM. Solidarity through transfers agreed in the EU Budget, and solidarity provided by the support of the ECB to the banking sector in member states.

We have to have the courage to tell citizens from surplus countries and business that if they are asked today to help others, they share a part of the benefits they have already received, and are investing in their future. The euro and the single market have helped some member states become some of the strongest and most successful exporters in the world. And we need the courage to say that we will never again accept fraudulent statistics from countries living on excessive deficits.

Then we will regain trust. Then our citizens would understand what we want to achieve and I am sure they will accept our decisions.

## STRONG SIGNAL NEEDED THAT WE STAY UNITED

Ladies and Gentlemen,

The brave decision of the 1950s was to let go of national control to create a common good. The brave decision of our generation is to let go of national control and to pool decision making-power over those policies which Europe needs to survive in time of crisis. Today's agreement is a first step in this direction.

Let us think how we will be judged by history? We need to take responsibility and the risk that goes with it. I have a similar message for opposition parties not present here - do not play with fire - do not accuse those who are trying to save the euro of selling your sovereignty. More control of national budgets is a way of regaining trust and sovereignty.

Even if we are irritated by financial markets, they are posing the crucial question to our eurozone - are we seventeen? Or are we one? If we are one, the aggregated data is good, better than many others. If we are seventeen - the separate data is weak, because they will always focus on the weakest economy. They are playing dominoes with us. The difference between the individual dominoes is only which one is falling first.

Dear Presidents, Dear Chancellors,

Dear Prime Ministers,

Paradoxically, through this crisis we are close to seeing the emergence of a true European demos. For the first time Europeans from different Member States can see how interdependent we are. How one country can undermine the whole economy, but many countries by common action can solve their problems together. Today we have shown that we can lead change; and not simply be led by change.

Ladies and Gentlemen,

This morning we have signed the Accession Treaty of Croatia. I visited the Western Balkan countries only three weeks ago. They are lining up to join our Union, even in times of crisis. This shows that European integration has a bright future. I am sure that we should invite Serbia and Montenegro to build this bright future with us.

I would like to end by thanking President Van Rompuy and the Prime Ministers of the rotating presidency countries, as well as the Presidents of the other institutions, for the past two and a half years of very good cooperation.

We have demonstrated in our daily work that we are capable of burying our differences and coming up with solutions to the challenges we face, and that we can work successfully as a Union of twenty-seven. I wish you well in your deliberations today - and in future summit meetings in the months ahead."