

Danuta Hübner  
Chair of the Committee on Regional Development

***"What role for the European Parliament in a post-crisis environment?"***

*Remarks during the institutions workshop of the CEPS Ideas Lab  
3-4 April 2014, Brussels*

There are many factors that influence the democratic legitimacy dimension of the European Parliament (EP), its role and position in the process of European integration today.

One decisive factor is the Treaty of Lisbon and the changes it brought about.

The EP was a big winner of the Treaty of Lisbon. The EP became a co-legislator for most issues, gained a decisive role in the MFF and EU budget procedures. Moreover, the Lisbon Treaty also broadened competences and boosted the role of the EP, making it the representative of the citizens of the Union. Moreover, it deemed all citizens equal.

There was however less of a boost in terms of the legal basis for the EP involvement in legislative implementation. The EP was unfortunately often involved only via the "consent" or "consultation" procedures, which gave it a consultative role and didn't put it on an equal footing with Council. The legal basis for the EP's engagement in legislative matters linked to the crisis triggered reforms in economic governance is rather weak and has caused many discussions in the post-crisis reform environment. We have repeatedly seen it in the economic and monetary affairs committee, particularly in the context of the banking union negotiations.

Treaty limitations led to the reaching out to unprecedented procedures. For instance, when the single supervisor, the first pillar of the European Banking Union, was set up, the Commission brought out two sets of legislations, one on the supervisor and another on the revision of the EBA regulation. While only the EBA regulation was under the co-decision umbrella, the EP treated the two as a package and regarded the supervision regulation as falling under co-decision. The EP's desire to remain the

key institution ensuring democratic accountability is also reflected by the signing of an inter-institutional agreement with the ECB on the new single supervisor.

Parliament also tried to remain at the heart of the post-crisis reforms, via a range of economic dialogues in the context of the new measures of economic governance (member states can be invited to come and report to the Parliament). The President of the European Council also has to report to the Parliament after summits.

A second important factor was the crisis and the fundamental reforms which it ignited

The EP has been often side-lined from the decision-making process, both in legislating as well as in the implementation of new emerging mechanisms (the ESM, the Fiscal Compact, the Banking Union etc.) The crisis will also have an impact on the new EP, especially due to the growing anti-Europe rhetoric and sentiment gaining momentum in the run-up to the May elections. We expect as much as a quarter of MEPs to be associated with extremist views on the EU. The crisis also brought about a focus on the euro area and with it a drive to reform the EMU, which raised questions about the position and interests of non-euro member states and how they ought to be protected by the EP.

A third factor was given by global, universal change.

The ICT revolution we have witnessed over the past decades has generated a new audience, one which, owing mostly to social media, has basically unlimited access to information. With more access to information, come more demands, a more informed, but also a potentially misinformed public. As individuals become more aware of politics, they will wish to become more involved in the decision-making process. Parliament will have to think of new ways to involve stakeholders in discussions and decisions.

These three-fold triggers of change have generated a set of challenges for the EP's position, its efficiency and its role as a directly elected EU body.

With an enhanced role of the EP in the decision making process come also new internal challenges.

One relates directly to efficiency concerns and is a result of a growing number of holistic issues, which may lead to conflicts between the different committees when it comes to competences. This can occur when more than one committee, beyond the one with key competences in the subject matter, requests to be involved in the legislative process, and can lead to delays in the deliberations. The problem is the result of an enhanced use of Rule 50, from the Parliament's Rules of Procedure, which now encompasses not only legal texts, but also own-initiative reports.

The EP remains sectorally structured while dealing with challenging policies, which are not based on silos approach. This makes the sectoral structure of the legislative process more difficult.

Looking beyond Parliament borders, inter-institutional relations have also acquired new levels of intricacy over time.

With a growing importance of the ordinary legislative procedure, comes also a growing need to better orchestrate the common effort between the Council and Parliament and an enhancement of their cooperation. Trilateral negotiations between the institutions could in particular benefit from improvements.

Firstly, it often takes a long time for Council to adopt a common approach and present a clear mandate to the Parliament and the Commission ahead of the start of negotiations. This results in unnecessary delays, which are beyond Parliament's control. Secondly, even once the discussions properly begin, trilogues are often used as information exchange platforms, as opposed to negotiation platforms. This results in an inefficient use of time and inevitably leads to delays.

The growing salience of the European Council, particularly in crisis driven reforms and the construction of a genuine EMU, has further shaken the inter-institutional balance. The European Council has made important decisions about the setting up of a common euro area financial assistance fund for instance (the European Stability Mechanism), without taking on board at all the EP. Moreover, the increased

decision-making power of the European Council has not been matched by an added dose of democratic legitimacy. The growing importance of the European Council also has implications for its relation with the rotating presidency, adding new degrees of intricacies to the inter-institutional relation.

Certainly the EP is in the centre of the key challenge of today: democratic legitimacy.

Things get even more complicated if we take into account the dual citizenship concept in the new Treaty. We have two major layers of parliament (plus regional ones). These spaces where relations between national parliaments and the European one take place are not yet organised.

Both national, as well as EP layers have seen their role in European policy making enhanced recently. The EP has experienced this through co-decision, national parliaments through subsidiarity and the Early Warning Mechanism. There is no doubt that some form of coordination or even harmonisation between the two levels is needed.

We live with a situation where borders have largely disappeared from the internal market architecture, but democracy remains confined to national frontiers. The need to add a transnational democratic legitimacy mechanism to the national ones is obvious.

The crisis has strengthened the trend towards a Europeanization of domestic policies. This makes the democratic legitimacy challenge even more acute. The problem is that European citizens see European integration predominantly as an executive power project. This means that they see their governments as their representative, less so parliaments. This makes the architecture for democratic legitimacy even more of a complicated matter.

The Early Warning Mechanism on subsidiarity suffers from a number of shortcomings. It needs most likely more time but I wouldn't worry. It is a learning process and sooner or later, would be fit for the genuine subsidiarity control.

While the new platforms for inter-parliamentary cooperation, committees and meetings do provide a useful platform for information exchange and best practices, they do not add at all mechanisms in the way of decision-making. They are not

decision-making bodies. As they lack decision making power, MPs are far too often put off from participating. These could be fora for a true cooperation between national parliament and the EP to engage more among themselves.

But democratic legitimacy is also about the popular accountability of institutions. This might come through procedures such as the election by the EP of the Commission President, through an enhanced transparency of the European Council, higher participation in the European elections, as well as the transparency of the policy making process.

The transparency of the policy making process will certainly receive a boost from the measures of accountability envisaged in the context of the new economic governance and financial sector reforms. The economic dialogues created in the context of the European Semester, the six-pack and two-pack, as well as in the context of the Single Supervisory Mechanism and the Single Resolution Mechanism, the first two pillars of the European Banking Union, will enhance the EP's accountability. While these policies will certainly provide a transparency boost, we should not become complacent. Additional measures of accountability will need to be put in place once new instruments or bodies are created. Here I have in mind the potential competitiveness and convergence instrument (CCI, which would offer targeted funding for structural reforms under the European Semester and would take the form a contractual arrangement between the Union and the member state concerned) as well as, hopefully, the Single Deposit Guarantee Scheme (the third and final pillar of the European banking union). It is only natural to expect that Parliament should exercise some form of control over these mechanisms. The CCI instrument will moreover offer an ideal opportunity for the EP to collaborate with the national parliament of the member state in receipt of financial support.

Before I conclude, let me also mention the issue of flexibility.

Along with legitimacy, flexibility is yet another serious challenge exposed by the crisis episode, one that also reflects on the work of the EP.

The crisis has generated novel layers of differentiation in the Union. The bulk of crisis driven reforms targeted the common currency area. Non-euro area members aspiring to join the euro were not always taken on board in the reforms on an equal footing with their euro counterparts. Moreover, different appetites for union reforms were also displayed both within the euro and non-euro group of member states. These trends exposed the difficulty the EU faces in dealing with its heterogeneity. It also called into question the cohesion, solidarity and integrity of the Union.

The role the EP should play in light of increasing differentiation has been a subject of intense debate for a while now. Already in 2012, the idea of having a separate committee or a subcommittee devoted exclusively to EMU matters was circulated in the EP. A series of discussions followed thereafter, with no concrete decisions taken and the matter finally deferred for the deliberation of the next legislature.

Although driven mainly by efficiency reasons, the idea of having a separate euro area committee brings about a number of serious concerns. We need to remember that the euro is ultimately the currency of the Union (Article 3 TEU) and the Parliament is the parliament of the Union (Article 14 TEU), as well as that MEPs do not represent their states, but are the representatives of the Union's citizens (Article 14 TEU). We should also bear in mind that according to the Treaty of Lisbon, all citizens are equal.

Moreover, while at the level of the Council and the European Council, where member states are formally represented, arrangements have been made for eurozone governments to meet on their own, such differentiation is not applied or allowed by the authors of the Treaties to the European Commission, European Parliament or European Court of Justice, where member states as such are not formally represented. The integrity of EU law, its effective and uniform implementation across the Union as a whole and the guarantee that the Treaties are respected require unitary or collegiate action by Parliament, Commission and Court. Finally, while Parliament is organised in different groups and committees, all those bodies are always open to all Members and all members have the legal right to vote. The mandate of the members is not divisible or segmented according to or on behalf

of the policies of the member states in which they are elected. All these arguments seem to weigh in favour of refraining from creating such a new committee.

The EP certainly faces challenging times ahead. As it moves forward it will need to become more efficient internally and to continue pushing for additional measures of democratic legitimacy. It will have to strengthen its inter-institutional relations, not only at the European level, but also at the national level. Last but not least it will need to continue representing the interests of all its citizens, euro and non-euro member states alike.

With the European elections in sight, 2014 is certainly a good year to sit back and reflect about what kind of European Parliament we wish to have in the near future. It is also a good year to start taking the measures that will allow us to achieve our objectives.