

## President Schulz's speech at the Spring European Council

Brussels, 01-03-2012

Ladies and gentlemen,

Everybody here is familiar with the frenzied atmosphere which develops prior to so-called crisis summits, each one of which, it is confidently predicted, will bring a 'breakthrough'. Today's summit is the first 'normal' one to have been held for two years – something which I regard as a breakthrough in itself, simply because it gives us an opportunity to address the problems facing us with the necessary calm and focus.

My visit to Athens this week offered the starkest possible reminder of just how serious the situation still is. I have seldom been so moved and so shocked when visiting another country. For that reason, I would urge you to talk to the people who feel the often painful impact of your decisions in their daily lives. With people who are demonstrating on the streets; with pensioners who, after a life of hard work, are now being forced to accept one cut after another in their standard of living; with young people who feel that they have been robbed of their future. In Greece today, every second young person has no job. This disastrously high level of youth unemployment is threatening the fabric of an entire society. In Europe, 7 million young people are unemployed. Many more are in precarious forms of employment, trapped in a spiral of unemployment, short-term contracts and unpaid internships, a spiral which only too often ends in anger or resignation. This is poison for our societies.

I note with concern that stereotypes, prejudice and even scaremongering are once again coming to the fore in many parts of Europe. The seeds of discord, resentment and chauvinism have been sown, and the resulting frenzy has created a climate in which a party on whose support a government depends feels able to set up a hotline which openly incites people to discriminate against workers from central and Eastern Europe. It is unacceptable that there should be second-class citizens in Europe. The EU is a community of values, and freedom of movement and non-discrimination are fundamental principles underpinning the European integration process.

To my mind the European Council must take a determined stand against such diatribes and sweeping generalisations. Not a single word is mentioned on this issue in the European Council conclusions. We must all be on our guard against a return to ways of thinking which have always spelt disaster for the peoples of Europe and which have the power to destroy the EU. There must be no repeat of past mistakes. The peoples of Europe must be partners, not adversaries.

If young people feel they have no future, forces are unleashed which have the potential to destroy democracy. For that reason, the fight against youth unemployment must be our top priority. We must quickly make money available for education and training – money which we must look on as an investment in the future of both individuals and whole societies. We must not allow the talents and the great potential of this generation to be squandered.

Greece is in the throes of a deep recession. Unemployment has reached more than 20% and that figure is set to rise even further – one million Greeks are already without work. The major sacrifices which the people of Greece have made in order to reduce their country's debts must now be matched by a message of hope from Brussels: Greece needs a growth initiative!

What I am about to say is true not only for Greece, but for Europe as a whole: a policy based solely on austerity spells disaster, since our economies are being stifled and our social model is coming under threat. For too long, our crisis management has erred too far towards austerity. The European Parliament has consistently appealed to you not to neglect the second key aspect of our response to the crisis, growth policy. But instead, ever deeper savings are being demanded, exacerbating the problems of poverty and lack of jobs, as illustrated by the redundancies in the private and public sectors and the cutbacks in welfare and other state benefits.

Now at last there are growing signs that the European Council as well is taking heed of our calls for growth – as seen most recently in the Letter from the 12. I understand, more heads of government have associated themselves with it in the meantime. The further development of the internal market can be part of the solution to the crisis. The first stage of our response, the search for savings, must finally give way to the second stage, measures to generate growth.

Ladies and gentlemen,

The European Parliament is adamant that budgetary consolidation must not imperil social justice. It is blatantly unfair that the weakest members of society should be required to bear the largest share of the burden of economic recovery. Our European social model is not the cause of the crisis, but part of the solution. It also makes no economic sense to drive national economies into recession. The European Parliament has therefore asked me to put the following calls to you:

Firstly, we urge you finally to show the political will required to achieve the objectives of the Europe 2020 strategy, our ambitious strategy for growth and employment. Now more than ever, investment should be channelled towards sectors of the economy, such as research, infrastructure projects, energy and innovation, which can generate growth, create jobs and offer people lives of dignity.

Words must now finally give way to action! There is no point trumpeting the ambitious objectives of the Europe 2020 strategy if those objectives are then simply ignored in the Member State capitals, on the grounds that national objectives would then have to take second place and on the grounds that the necessary resources are not available in national budgets.

We must bear this in mind in the discussion on the future Multiannual Financial Framework. The EU budget is not a deficit budget, but a transfer budget, the most powerful instrument we have to stimulate growth. If you cut the EU budget you are cutting the EU's growth potential. This remark also applies to net contributors such as Germany, if Chancellor Merkel will allow me to use our country as an example. If EU support from the Structural Funds is withdrawn, the Länder and the regions in other Member States will find that the cupboard is bare when they go in search of the money they need to carry out structural measures. Cutting the EU budget may sound like a good idea, and may initially prove popular with the public, but in the long term it can only be counter-productive.

Secondly, we want to use targeted investment and tax reforms to create jobs. We want to do so in part by combating tax evasion and taking joint action against tax havens. One thing I can report following my visit to Athens is that every person I spoke to there assured me that measures to combat tax evasion and to claw back lost tax revenues send out the important psychological message that the issue of social justice is being taken seriously. Mr Monti's government is even now showing us just how effective such measures can be. Bilateral agreements between Greece and other states on the recovery of lost tax revenues are therefore an important step forward, even if, in the longer term, an EU directive would certainly make sense. I discussed this issue only the day before yesterday with Mr Papademos.

We want to create jobs by targeting support on environmental technologies, health and social services, the digital economy and small and medium-sized firms;

by ensuring that money is paid out quickly from the Structural Funds;  
by combating youth unemployment;  
by making it easier for women to work, through improvements in care and childcare provision;  
by fostering education, training and lifelong learning;  
by strengthening domestic demand in countries with a budget surplus by paying people decent wages.

Thirdly, we are calling for measures to secure long-term financing for the real economy. How do we want to achieve this?

By improving the regulation and monitoring of the financial sector.

By recapitalising the banks.

By regulating remuneration schemes. Outrageous bonuses, on the one hand, and cuts in state benefits, on the other, are destroying social cohesion.

In my last speech to you I called for the prompt introduction of project bonds to finance investment and of a financial transaction tax. We want to see rapid progress on both these matters, since we cannot afford to waste precious time in the fight for jobs and growth.

Let us be absolutely clear about one thing: we need closer coordination of economic policies at European level in order to ensure that yawning budget deficits and macroeconomic imbalances do

not imperil the euro and Europe's economy. It is vital, therefore, that you should take the European Semester and the Annual Growth Report seriously.

But what is equally vital is a stronger parliamentary dimension. Please allow me, therefore, to appeal to you once again to involve us, the representatives of the people, more closely in decision-making processes. We want to live up to our responsibility to the citizens of the European Union. And yet you continue to exclude us from decisions on matters which affect fundamental aspects of people's lives.

We are particularly unhappy about being excluded from decision-making when it comes to the European Semester, given that, under this arrangement, the Member States are required to submit their budgets to the Commission for review six months before they are adopted by the national parliaments. We feel that the rights in the area of accountability and scrutiny which have been taken away from the national parliaments must be handed back to the European Parliament without delay. As things stand, we, the representatives of the peoples of Europe, can do no more than deliver an opinion on the Commission's annual proposals for the employment guidelines. What we want to do, however, is to propose specific changes to the policy guidelines and the annual growth report as well – in other words, the Commission should present a text and the European Parliament should be able to amend it before it goes to the Council. This would strike a blow against the deparliamentarisation of Europe.

Ladies and gentlemen,

The EU is a Community based on the rule of law.

We have made it a principle that any European State can apply for accession to the Union if it meets certain criteria. Serbia meets these criteria and must therefore be granted candidate status.

The 2005 Accession Treaties of Bulgaria and Romania lay down criteria governing accession of those countries to the Schengen area. If these criteria are met, those countries have a legitimate claim to join the Schengen area. Last year, the Council unanimously concluded its evaluation process, stating that Romania and Bulgaria met these criteria.

Should decisions be taken not to grant Serbia candidate country status, and not to admit Romania and Bulgaria to the Schengen area, because individual States block them purely for reasons of political self-interest, then a Community in which the same rules apply to all will have been replaced by one in which the same rules apply to some - but not others.

One year ago, the Arab Spring began in an atmosphere of hope. It has brought freedom to the peoples of many of our neighbouring countries. When watching the coverage of the elections in Tunisia, Egypt and, most recently, Yemen, we have seen delight on the faces of people who, for the first time in their lives, were exercising their right to vote freely and secretly. Those delighted faces should remind us that however different our societies may be, and however different the constraints acting on our daily lives may be, we are all united by the dream of being able to elect our political leaders freely.

The European Parliament has a special role to play in this transformation process. We want to be a friend and partner to these young parliaments. We want to maintain consistent, open dialogue with them. Our MEPs from the countries of Central and Eastern Europe in particular can draw on their own experience of democratic transformation processes and give us the guidance we need. The Parliamentary Assembly of the Union for the Mediterranean is an ideal forum for such dialogue and we are looking forward to working together with our new colleagues, particularly as, in coming years, parliaments will play a key role in transforming the Arab Spring's promise of freedom into new constitutions.

Unfortunately, however, the Arab Spring has not brought freedom to all our southern neighbours. In Syria, there is no end to the bloodshed in sight. I urge you to step up the pressure on those powers in the Security Council who are thwarting our efforts to take effective action against Syria.

Thank you for your attention.