

## Life at the centre of the new EU

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It is less than a year since the "new dispensation" came into force. Being asked to evaluate it already reminds me of when the Chinese leader Chou en Lai was asked about the historical significance of the French Revolution and replied that it was far too early to say!

What we can safely say, is that the Treaty of Lisbon is an evolution rather than a revolution, bringing in a host of small changes that cumulatively should make the operation of the EU both more democratic and more effective.

It is now more democratic, notably because of the enhanced role for both national parliaments and the European Parliament in its functioning. Virtually no legislation nor international agreement can enter into force without European Parliamentary approval. There will no longer be part of the Union budget ring-fenced from Parliamentary involvement. The election of the President of the Commission will depend on parliamentary majorities.

It is more efficient, because we have improved our structures and our institutional framework. For example, in the field of external representation, we have created a unified external representative in the form of Baroness Ashton, where once the Union was represented separately and confusingly by two different representatives, and we are establishing a single external action service, where once we had separate networks based on the Commission's external offices on the one hand and the embassies of the member state holding the Council Presidency on the other.

But I will focus today on the European Council, which has been reorganised, turned into an official "institution" of the EU, and charged with defining the general political directions and priorities of the Union.

In order to perform this strategic function better, the foreign ministers normally no longer participate in its meetings, meaning that there is a more collegial atmosphere, as well as a more manageable size.

In becoming an institution, it is subject to the EU's rules on transparency, judicial review and has adopted rules of procedure. But perhaps more important than that is the intention of its president, for it to be seen not as "summit", but as a routine meeting. He does not meet and greet each arriving prime minister at the entrance to the building in front of TV cameras. And, the European Council no longer travels around the national capitals as a giant media circus.

The biggest change affecting the European Council, however, is the change in the role of its President. There are three small changes, which, cumulatively, have the potential to make a significant difference:

- Continuity: previously, there was a new president every second or third meeting, giving the incumbent little time to develop relationships either internally within the Union or externally. Now, the 2 1/2 year (once renewable) mandate allows the incumbent the possibility of thinking and planning on a longer term basis.
- Choice: previously, this post rotated automatically with no discretion as to who should occupy it, even when it was due to be held by an incumbent facing a national election during his term of office. Now, the heads of state and government are allowed to choose the person they want to chair their meetings and to represent them externally. This also implies a degree of political confidence in the incumbent.

- Time: previous incumbents were simultaneously trying to run national governments, which naturally and unavoidably took up the bulk of their time. Now, the President can devote himself full-time to the task. As that involves preparing meetings of the one European institution that almost always has to act by unanimity - and the unanimity of 27 heads of government (people used to getting their own way in the national context) is a bit like herding cats - this is a crucial change. The time required to talk to and consult with 27 prime ministers, to put texts on the table, to adjust them, to persuade, to cajole, to bargain and so on, meant that this job was no longer effectively performable by somebody with a national government to run. It is not a very visible role, but it is vital for the functioning of the European Council.

Of course there were different conceptions of this role when the Treaty was drafted, that is one reason why the Treaty has such little detail on his role. It was left open. There are some who saw it, perhaps, as in the French 5th Republic constitution model: that he would be *Président* of Europe and the Commission President would be like a Prime Minister in the French 5th Republic dealing with only internal affairs and even then deferring to the President on important issues. Others had a view that was totally opposite; it was a purely pragmatic operation to have a greater continuity in the chairmanship. President Van Rompuy has been very clear, he has said "*I am neither a Président*" in the sense of the French 5th Republic, "*nor am I a mere chairman*". At a recent press conference, when one journalist accused him of being a mere spectator and another accusing him of having organised a *coup d'état* he said "*No - I am neither a spectator nor a dictator, I am a facilitator*"

In any case, the new role should help the European Council to perform its task better.

Much depends, of course, on how this new full-time president will relate to other key actors in the system. (Indeed, there is sometimes comment on the plethora of presidents we seem to have in the EU - though this is in part because we insist on giving the title "President" to all kinds of functions that we might have better named as "Speaker" of the parliament, "Governor" of the Central Bank, "Chairman" of the Council and maybe "Prime Commissioner".)

- **The relationship with the rotating Presidency of the Council**

The rotating 6-monthly presidency continues for the ordinary Council of ministers, but is no longer so significant: its Prime Minister no longer chairs the European Council, its Foreign Minister no longer chairs the Foreign Affairs Council, nor does he represent the Union across the world on Common Foreign and Security Policy matters because that is now the task of Cathy Ashton. Nor will the Embassies of the country holding the Presidency coordinate the Embassies in third country capitals of the European Union countries. That will be a task of the Union's Embassies once the External Action Service is fully up and running. So the rotating Presidency becomes mostly the chairmanship of the sectoral Councils (transport, environment, agriculture and so on), where Council acts as co-legislature with the European Parliament. It will no longer have the role that it had before. Even before it was never the "President of the Union", as some of them liked to call themselves, as did much of the media. It was simply the chairmanship of *one* of the institutions for a short six month period with an inherited agenda and with no extra powers for being President. Now it will be a somewhat less important role even than that. That is something that the media has not yet got used to. Nor, indeed, some governments - I think we will see some rotating Presidencies still wanting to have a high profile role but then searching for something to do in order to have that high profile role. So that will no doubt be a delicate matter.

- **The relationship with Baroness Ashton**

No particular problem. The dividing line is very simple and is one of level. It is like one between a President or a Prime Minister and their Foreign Minister. If an external meeting is at ministerial level it is up to Baroness Ashton. If it is at Presidential or Prime Ministerial level it is up to President Van Rompuy.

#### ▣ **Relationship with the President of the Commission**

Inevitably and unavoidably, more delicate. Public opinion, third countries and others do not immediately understand the difference between the President of the European Commission and the President of the European Council. Both are in Brussels. In external representation, they both represent the Union, each within their sphere and where the borderline is not always clear. Paradoxically, just as at Cathy Ashton's level we have united our external representation, (in putting together the posts that were once occupied by Mr. Patten and by Mr. Solana and we have created 'Patana' to represent the Union, in the form of Cathy Ashton), we have at the same time accentuated the difference at the top level. I won't be surprised if in a few years time there will again be discussion about putting those two posts together, or appointing the same person to both, but in the mean time we have to make this system work. The two Presidents are very well aware that they have to make it work, that they must avoid turf battles, that they must avoid any public squabbling. They therefore meet every week, normally every Monday for breakfast. They talk it through, they are adults, they have experienced politicians, they are aware of the system, they know they must make it work and they are determined to do so.

#### ▣ **Relations with the Parliament**

The President's only duty under the Treaty is to report after every European Council meeting to the European Parliament. He has supplemented that with an array of informal contacts, such as a monthly meeting with the President of Parliament and regular meetings with the different Political Groups and their leaders. In particular, he initiated meetings to brief the leaders of all the Political Groups straight after the European Council meeting on the same evening, as soon as the meeting has finished, in order to give them fresh information as to what has happened. He sees it as an important role to have a relationship with the Parliament but he does not want to substitute himself for the President of the Commission, who has a much more intense relationship with the Parliament. The President of the Commission is elected by the Parliament, heads the executive that is accountable to the Parliament and is indeed dismissible by the Parliament. The Commission presents draft legislation to the Parliament and a draft budget. The President of the European Council does none of those things. So it is a different type of relationship.

Some say that the strengthening of the European Council means that the "intergovernmental" side of the Union has been reinforced at the expense of the traditional "community method", the more "federal" aspect of the EU.

Well there are two answers to that. First the more "intergovernmental" aspects of the Union are a reality, and for the Union as a whole to work well, that part of it also needs to work well and to work better. But, second, in many ways the European Council is not purely intergovernmental. It is the place that brings together the different aspects of the Union's make up. After all, the President of the Commission is a full Member of the European Council. And the President of the European Council himself does not represent a Member State, but is commonly chosen to work in the overall interest of the Union. The European Council is also the place where you can coordinate both national and European policies, particularly important regarding macroeconomic policy and foreign policy.

Indeed, the EU has always had a range of decision taking procedures, varying according to the subject matter being dealt with. For instance, on competition policy, enormous leeway is given to the Commission, as our common executive, to police the single market. When it comes to legislation on the environment, consumer protection and so on, the Commission must propose to the Council, which can adopt its proposals by a qualified majority (with the Parliament). In other areas Commission proposes, but Council needs unanimity to approve. When it comes to foreign and security policy, Council acts by unanimity, without needing a Commission proposal. We thus have a spectrum ranging from the nearly federal to nearly intergovernmental - and I say "nearly" intergovernmental because even when acting by unanimity, the Council and European Council are not summits of sovereign states in the manner of the G8 or the G20, but an institution, acting in the legal framework of the Union with its checks and balances.

In any case, we have an incumbent who does not see himself as fundamentally trying to undermine the *méthode communautaire*. On the contrary, President Van Rompuy wishes to maintain that *méthode*. I think it is a sort of guarantee that this is not a smash-and-grab raid by the European Council to the detriment of the European Commission or the other institutions.

One reason for the perception of a shift of powers to the European Council is simply because, in recent months, the main preoccupation of the European Union has been to do with macro economic governance. Macroeconomic policy is inevitably a matter of coordinating national policies, given that 98% of public spending in the EU is national or sub-national, while only 2% is carried out through the European budget. It is therefore natural that the European Council plays a significant role.

I have been asked to say a few words about the Task Force set up by the European Council to review mechanisms of economic governance in the EU as a result of the sovereign debt crisis. This Task Force is chaired by President Van Rompuy, and includes European Commissioner Rehn, European Central Bank President Trichet, and the finance ministers of each member state, including George Osborne.

The preference of the President is to focus on what can be done within the framework of existing treaties, as treaty change is a long, cumbersome and potentially hazardous procedure. The work is therefore focusing on:

- reviewing and tightening up the Stability and Growth Pact, with a greater emphasis on accumulated public debt levels, and not just focusing on the current level of deficit
- broadening the scope of monitoring national economic developments (after all, Spain and Ireland were perfectly within the criteria of the Stability and Growth Pact before the crisis hit) so as to include macroeconomic imbalances, balance of payments developments, asset bubbles and other significant indicators.
- earlier detection of developments. Already, the so-called "European semester" has been agreed (even by the UK) whereby member states will confer at an earlier stage on the assumptions (in terms of growth projections, inflation rates, etc) on which their national budgets based
- how to sanction member states that fail to respect what has been agreed at European level in terms of macroeconomic policy: fines, suspension of voting rights, or something else, -- bearing in mind that the market is likely to be more effective in the future in penalising member states with wayward policies, which will in turn make any "warning" given by the EU more effective
- how to take decisions on this: by qualified majority, simple majority or reverse majority? At the level of the Eurozone 16, the 27 or 26 (minus the UK) ?

The intention is for the Task Force to report to the European Council meeting at the end of this month, which should draw the necessary conclusions.

That, then, is a flavour of what is going on at the moment in the context of the early days of the new institutional framework provided for by the Lisbon Treaty. Thank you for your attention.