

**CONFERENCE OF THE SPEAKERS OF PARLIAMENTS
OF THE EUROPEAN UNION**

Friday, February 27, 2009

Europe and Crisis Management. The Involvement of Parliaments.

Chaired by Mr. Bernard Accoyer, President of the French National Assembly

The sitting was opened at 3.05p.m.

President Bernard Accoyer. I am delighted to welcome you to the Chamber of the *Palais Bourbon* which has for close on two hundred years hosted the plenary sittings of the National Assembly.

2008 and the first few weeks of 2009 have witnessed in quick succession, the Russo-Georgian conflict, the explosion of violence in Gaza and the gas crisis. The financial and economic crisis has deepened and the environmental crisis, which puts the future of our planet at stake, is still unresolved. Rarely has Europe had to face such serious difficulties all at the same time. They all represent challenges to be met by the European Union but they are also an opportunity for the Union to reaffirm its role on the world stage. Indeed rarely has the Union shown such a political capability to effectively contribute to the search for solutions to such crises.

We also welcome the mediation role played by the European Union in the gas crisis of January 2009 through the precious initiative taken by the Czech presidency. Even so, this crisis reminded us of the absolute necessity of strengthening our security in the energy field. The European Union has heard this warning and the parliamentary assemblies must actively participate in the planning of our common energy policy at a time when discussions are on-going on short-term measures (the preparation of urgent regional plans to complete the national plans already drawn up and the strengthening of warning mechanisms) and a long-term strategy is also being worked out in accordance with the principles set down at the “Energy” Council last week.

European citizens also expect their states to act in a coordinated and effective manner to face up to the consequences of the financial and economic crisis and to find a solution to the structural dysfunctions which brought this situation about. Through its sheer size, the crisis risks having an effect on all the policies of the Union by making decision-making more difficult and by putting the social cohesion of European countries to the test. To face up to this crisis, the European Union has undertaken, within its borders, substantial legislative work which aims at strengthening the financial regulation system and the European Council of December 2008 drew up the basis of a European recovery plan. The next European summits must follow this road. On a world scale, the European Union must now show that it can provide proposals for solutions and defend them with a single voice and must use its influence to introduce its values into the new international financial system.

It is clearly not for Parliaments to act in the place of Governments but in these circumstances, the national Parliaments and the European Parliament have the obligation to

inform citizens, to monitor Government action and to put forward proposals to which their democratic legitimacy will lend weight and meaning.

We will, first of all, deal with the involvement of Parliaments in the management of crises by the European Union. Mr. Hans-Gert Pöttering, President of the European parliament will open the debate.

Mr. Hans-Gert Pöttering, President of the European Parliament. It is indeed a great honour for me to take the floor before the National Assembly of the French Republic and I thank you, Mr. President, for having made this possible. I will continue now in German. As my former colleague and current Vice President of the European Commission, Mr. Antonio Tajani, will deal with the present economic and financial challenges, I will limit myself to highlighting what I consider to be our two main priorities: firstly, maintaining with all our strength the internal market and the stability of the single currency whilst refusing all forms of protectionism which would only worsen the crisis and secondly never forgetting that the European model is not capitalism, and thus one should not speak, as far as we are concerned, of “reforming capitalism”, but rather is the social market economy, as we are reminded in the Treaty of Lisbon.

I will centre my speech on external policy and the way in which the European Parliament can wield its influence in this area. This influence should always be applied in such a way as to highlight the European principles of the preservation of the right for every person to live in dignity, the respect of the rights of man, peace, freedom, solidarity and the principle of subsidiarity. This implies, first of all, our own common political vision in order to avoid crises. Already, thirty-six delegations of the European Parliament are in contact with the Parliaments of non-member states of the European Union. The European Parliament also has influence in the Joint Parliamentary Assembly ACP-EU, in the Euro-Mediterranean Parliamentary Assembly and in the Euro-Latin American Parliamentary Assembly. A parliamentary assembly associating the European Parliament and the non-member countries of Eastern Europe will be set up after the European elections.

In the field of external policy, the main challenge at the moment is the situation in the Middle East. On July 13, 2008, during the French presidency which was particularly well led by President Sarkozy, we set up, following on from the Barcelona Process, the Union for the Mediterranean. The Euro-Mediterranean Parliamentary Assembly, the EMPA, already existed, as did the Parliamentary Union of the Organization of the Islamic Conference Member States. After the beginning of the war in Gaza, the latter decided to freeze relations with the EMPA and with the Union for the Mediterranean. Mr. Abdel Hadi Al-Majali, President of the Jordanian Parliament and Mr. Mustapha Mansouri, President of the Moroccan Parliament, who are both moderate personalities, made it known that if a solution leading to a lasting peace in the Middle East were not found, the relations between the Arab world and the West would become very difficult.

In my position as President of the EMPA, I led a delegation of the European Parliament to the Middle East. We visited Cairo, Gaza, Ramallah and Jerusalem as well as Sderot, an Israeli town against which Hamas regularly launches rockets, and finally Amman. I held discussions with Israeli authorities as well as with Mr. Netanyahu. I strongly wish the Conference to make a forceful declaration on the situation in the Gaza Strip. The people of Gaza expect us to make their voices heard and they want the peace process to continue with the new Israeli Government.

I would like the Quartet on the Middle East, which gathers, as we know, representatives of the UN, the European Union, Russia and the United States, to show its full support for the creation of an independent, democratic and viable Palestinian state, co-

habiting with the state of Israel in peace and in security within the internationally recognized borders of 1967. If we do not reach such a settlement, there is a risk that the Arab world will turn more and more towards fundamentalism and that the governments of moderate Arab countries will find themselves in growing difficulties.

We must do all we can to relaunch the peace process and to enable the establishment of two viable states; so that the Gaza Strip may become accessible for international aid; so that the conference on reconstruction which is due to take place at Charm El Cheikh may be successful; so that Hamas may no longer be provided with rockets to bombard Israeli territory.

I would never have imagined that one day I would speak in this Chamber. In the Middle East, I was called an idealist when I said that peace was possible. I reminded the doubters that peace finally became a possibility between Germany and France even though they harboured a hereditary mutual enmity. Why would what was possible in Europe not be possible in the Middle East? We Europeans must encourage a return to peace by using our experience of reconciliation and democracy for the good of the rest of the world and particularly at the present time for the Middle East. (*Loud applause*)

Mr. Antonio Tajani, Vice President of the European Commission. It is an honour for me to participate in this Conference which brings together the speakers of national Parliaments and the President of the European Parliament. From 2005 on, Mr. José Manuel Barroso began the *rapprochement*, which was unanimously welcomed, between the European Commission and national Parliaments. In May 2006 a structured political dialogue was introduced. It has indeed been a success if one is to judge by the 406 considered opinions addressed so far to the Commission by thirty-one parliamentary assemblies from twenty-four member states. For the fifth year in a row, a member of the Commission has been invited to take the floor before you. I will fulfil this role with great pleasure and as a replacement for Mr. Barroso who is otherwise engaged and begs to be excused, I will provide the Commission's point of view on the management of the economic and financial crisis which is currently hitting the Union with such force.

I would, at the outset, like to highlight the active involvement of the Commission in the management of this crisis and underline that this issue, which is a highly political one, calls for a resolute attitude and coordinated action by all European institutions and notably by the parliamentary assemblies.

I will take advantage of the opportunity granted by the French National Assembly, in the respect of multilingualism, our common wealth, to speak in my native language and thus I shall continue in Italian.

The least that can be said is that the economic situation does not lead one to excessive optimism. Nonetheless, a timorous response would be a serious mistake. We will not reply in an effective way to the challenge which faces us if we remain on the defensive. We must play an attacking and not a defensive game! And it is essential that we must present a united front – falling back on protectionism would be a serious mistake. As a former parliamentarian, I am convinced that the Strasbourg Assembly and the national Parliaments are the perfect places for discussion and decision-making; the Treaty of Lisbon, which I hope will be ratified as quickly as possible, will provide them with an increased role.

The crisis means we must mobilize all our strengths in order to act together. In this respect, the European Council which will meet on March 19, will enable us to set down new measures. In the meantime, we welcome the fact that the heads of state and of government of the European countries who were present at the G20 meeting in Berlin on

February 22, were able to find a common approach in preparation for the summit set for London on April 2.

The globalization of our economy requires the definition of a new model of international economic governance; the European Commission considers that the European Parliament and national Parliaments have a great role to play in this field. They proved this during the parliamentary meeting set up jointly by the European Parliament and the Czech Parliament last February 16-17. The Parliaments of the European Union, gathered in Brussels, underlined the necessity of a strong European leadership which could find expression in coordinated actions. They declared themselves against protectionism and economic nationalism and in favour of the maintenance of the Euro and an active European Central Bank. The Commission, which shares this point of view, is already working to transform it into action. In fact even if the crisis is a test for the European Union, it is also an opportunity for it to debate its vision of society and the economy, as well as its own organization. We must review the international economic rules in force, as well as their means of application and monitoring, but we must also once more put human and social factors at the very heart of our economic system.

It must be noted that the rapid and determined reaction of the European Union to the crisis, enabled the collapse of the financial system to be avoided. So that the European banking system may once more take up its function as dispenser of credit to citizens and companies with equitable conditions, the financial establishments must be relieved of the "toxic" assets which they have accumulated, as well as of their over-valued holdings. Thus two days ago the European Commission adopted guidelines in this direction which aim at guaranteeing that such movements will take place in a uniform manner so as to avoid any competitive distortion between the credit establishments.

Beyond this, our fundamental objective is much more ambitious: the aim is to reform the financial sector so that it may recover its natural role at the service of the real economy and thus of growth and employment. After the implementation in November 2008 of a 200-billion-euro economic recovery plan (to attempt to break the vicious circle in which job losses and a fall in demand feed each other), we proposed specific measures for the automobile industry and I will make proposals to the Commission concerning the transport sector. At the European Council on March 19, the Commission will present to the heads of state and government, proposals for initiatives based on the conclusions of the Working Group on European Economic Governance whose chairmanship was given by Mr. Barroso to Mr. de Larosière.

The solutions cannot be exactly the same for all member states as their situations differ but such solutions must be applied in a coordinated way so as to obtain the best possible result and to maintain the coherence of the internal market. We must mobilize all the instruments we have available (common policies, European funds, economic reforms and monetary policy) so as to reach the desired objective which is, need I remind you, to protect European citizens from the harmful consequences of the crisis. The Commission has thus welcomed very favourably the initiative of the current presidency of the Council to call an extraordinary summit in May which would be given over to the social aspects of the crisis. This summit will deal with the safeguarding of employment through professional training and requalification, with the improvement of the functioning of the labour market and with the access of young people to this market.

Finally, it is essential to increase the speed of reform which is proposed in the Lisbon Strategy. To do this, it will be necessary to invest considerably in the fields of the improvement of energy efficiency, infrastructures, innovation, clean technologies, research

and training. We must bank on innovation to guarantee sustainable growth and strengthen our investment in infrastructures as they are the pillars of growth. In these two fields, the transport sector has a vital role to play.

The fact that the sky appears quite cloudy should not lead us to be overly pessimistic. The European Union has shown its ability to react to the crisis quickly and with determination. It has been able to propose solutions by creating a common framework for action which respects the diversity of situations in the member states and has been able to convince its partners in the G20 of the need for a global response to the crisis. I say this with particular conviction to the President of the European Parliament: European institutions must close ranks and work in unison. We must absolutely avoid the crisis having the effect of delegitimizing the entire European construction; this danger is all the greater given that we are on the eve of elections to the European Parliament. However national Parliaments have also a decisive role to play so that within our common framework, each country can map out the route which is best suited to its own situation.

I will conclude by reiterating both my confidence and my optimism in the European Union. Thanks to its resources, to the peoples which make it up and to the democratic strength which its Parliaments symbolize, the Union is in a position to overcome the great challenge which it must face. We should remember the words of Winston Churchill: "A pessimist see difficulties in each opportunity, an optimist see an opportunity to be seized in every difficulty". We have indeed a huge opportunity to seize. (*Applause*)

Mr. Miroslav Vlček, President of the Chamber of Deputies of the Parliament of the Czech Republic. Even though the bank bail-out has already cost billions of dollars, the financial and economic crisis is continuing to worsen. Industrial production is declining, the construction sector has been seriously affected and the unemployment rate continues to increase. This all leads us to believe that the recession will be the longest and deepest which our generation has ever known. However this episode is also symptomatic of a crisis in politics. It has become clear that the political objectives are often merely short-term and that they are based more on power games than on a real response to the needs of the citizens. One of the consequences of the crisis will be that poverty will strike a greater number of social categories; the risk is that such a development could lead to the growth of xenophobic and nationalistic tendencies within the European Union to the detriment of democracy and the social market economy.

To face up to such challenges, the European Union must remain united and continue its integration. It is in this context that the Chamber of Deputies of the Parliament of the Czech Republic approved the ratification of the Treaty of Lisbon. Nothing could be more dangerous in fact than irresponsible demonstrations of individualism. The Union does not need more regulation but better regulation. It must stabilize its financial institutions and encourage demand and no member state can, alone, stand up to the crisis.

Apart from the fact that we must fight together, we must also strengthen collaboration between the European Parliament and national Parliaments. Allow me to come back, on this subject, to the conclusions of the two working groups set up at the last parliamentary meeting organized jointly by the European Parliament and the Czech Parliament last February 16-17. One of these groups dealt with the strengthening of the Union's competitiveness and the other with the means necessary to bring about a Europe with a social dimension. Both groups affirmed that European executives concentrate their efforts on the banking sector and on certain key industries such as the automobile industry. However we must support small and medium sized firms by facilitating their access to public markets and also to financing by means of the European Investment Bank. We must also, to this end,

improve the efficiency of European structural funds. However the crisis that we are going through is also a crisis of confidence and a crisis of values which only total European solidarity will enable us to overcome. In addition, the joint inter-parliamentary meeting underlined the need to strengthen solidarity with those in the most vulnerable positions. Training manpower, developing skills, encouraging continuous training are all key measures for the future, as are massive investments in research, the reinforcement of productivity and the deepening of the Lisbon Strategy through which the Union provided itself with an industrial policy.

The crisis tests our capacity to react, but it is also an opportunity to innovate. Every state which acts alone in dealing with the crisis, will be weak but a united European Union can face up to it successfully. Our twenty-seven states represent together, the strongest grouping of states in the world; we must know how to use this strength and we should seize the opportunity provided today to the Parliaments to make propositions.

We are also faced with numerous crises which could degenerate into armed conflicts. Traditional diplomacy is attempting to solve these crises but it must be supported by parliamentary diplomacy. Parliamentary diplomacy is a form of diplomacy which can say things without mincing its words, which can clearly highlight problems and which can, especially, negotiate with NGOs, some of which often represent important parties in the conflicts. In addition, parliamentary diplomacy is more easily understood by peoples than classical diplomacy which is traditionally more discrete; it can encourage the transformation of truces into lasting peace.

In Gaza, a fragile truce has been set up but it risks being broken at any moment as none of the underlying problems has been solved. The resistance to occupation continues, as does the fear of terrorism and missiles. Parliamentary diplomacy must actively support the efforts which would lead to the re-launching of the peace process aiming at the creation of an independent, democratic and viable Palestinian state, at peace with the state of Israel completely safe within its 1967 borders, modified, if necessary, by exchanges of territory. I welcome the fact that a dialogue on this subject has been set up in the region by members of the national Parliaments and by members of the European Parliament and in particular by the Euro-Mediterranean Parliamentary Assembly under the chairmanship of Mr. Hans-Gert Pöttering.

For myself, I recently sent you a ten-point draft memorandum. In it, I underline the need to encourage dialogue between the parties to the conflict and with the other countries in the region. I also stress the need to lend support to better coordination between the initiatives of the Quartet and those of the Arab League. However what must be given priority is dialogue between the Palestinian parties. I discussed this question with President Abbas who reiterated his desire to form a Government of national union which could organize general elections. I am thus very pleased that both Fatah and Hamas have agreed on this principle and that this has created favourable conditions for negotiation. Mr. Mahmoud Abbas greatly appreciated the role played by European parliamentary diplomacy and he wishes the draft memorandum to be adopted and put into effect.

We, the representatives of European Parliaments, must continue the dialogue with the Parliaments of all the countries party to the conflict, without exception. Through the economic and humanitarian aid which it provides, the European Union has an excellent reputation in the region. It must use this reputation to strengthen its diplomatic role and to contribute to a political solution to the conflict. I hope that the Conference will approve the measures proposed in the draft memorandum: the opening-up of the borders, the raising of the siege of Gaza, the cessation of armed attacks on Israel, the end of arms trafficking and the

deployment of European troops at the checkpoint at Rafah. We also underline that the implementation of the resolutions adopted by the United Nations Security Council on January 8, 2009 and by the European Parliament on January 15, 2009, will create a framework favourable to the discussion of the other problems in the region, including settlements and access to water.

Considering that no political objective can be reached using violence against defenceless civilians, the Czech presidency condemns all forms of terrorism, emanating, be it from an individual or a state. Only dialogue can lead to a long-term political agreement. I thus call upon the Conference to adopt as its own, the propositions contained in the draft memorandum. The Czech presidency also proposes the sending of a delegation representing the Conference, to the region. The mission of such a delegation would be to work along with the Euro-Mediterranean Parliamentary Assembly for the application of the measures contained in the draft memorandum. *(Applause)*

Mr. Per Westerberg, President of the Swedish Parliament – It is indeed a great pleasure for me to take the floor in this Chamber and I would like to thank my hosts for the quality of their welcome.

Nine months have elapsed since we met in Lisbon and during those months many problems have arisen. The financial crisis has brought about political crises which have even led to certain governments resigning. In addition, everyone still has the war in Gaza clearly in their mind, as well as the interruption in gas supply in mid-winter and the armed conflict in Georgia.

From an economic point of view, it seems to me that the European Union and its member states have, up until now, handled the crisis quite well, through the stabilization of credit and the adoption of common measures. The Union has few legislative powers in this field but it does represent a useful space for discussion. The French presidency carried out its term with efficiency, the Czech presidency has taken on the baton with brio and Sweden who will then follow, will do its best to continue in this direction.

In 2009, the crisis will reach its full size: millions of jobs are threatened, public deficits will rocket, the risk of social conflicts will increase. And the worst is yet to come. This will certainly put pressure on our national political systems and even on the Union itself. The way in which we deal with this crisis will set the tone for European cooperation for many years to come.

Experience has shown that it is traditional in such extraordinary circumstances to fall back upon oneself in order to solve one's own problems. Everyone can understand that governments and national Parliaments, in times of crisis, above all look after the protection of their own country's interests and the well-being of their own citizens. However, history shows us that if we play the national card too much as regards economic matters, we run the risk of protectionism and even populism and nationalism. Of course, unilateral policies can, at times, be well adapted but we must be wary of any measure which taken in spite of the rules of the internal market, would have merely the result of moving the problem from one country to another.

Like the development of free exchange on a world scale, the common market, the very heart of European cooperation, has been the essential condition of our prosperity for fifty years. It contributes to peace and stability. Today many people consider that is an accomplished fact but it is nonetheless the fruit of arduous work carried out by several generations of political leaders over many decades and to reach their goal they had to move national interests down to a lower position. These are the principles which must guide our

future action. If we were to turn away from this fact, the whole European edifice would be plunged into a crisis next to which the current crisis would pale by comparison.

In Europe, public financial support has been called for in certain industrial sectors and the frequency of such calls will certainly increase as the crisis continues to worsen. Governments and Parliaments must meet this challenge. In fact, each Government of a member state which wishes to support such and such a sector or company is not only submitted to the rules of the internal market but also to the requirements of globalization. Our economies are more and more linked and complex; it is difficult to know what purpose exactly our support measures serve. Thus what exactly does “national responsibility” actually mean? Let us examine the Saab example: Saab is owned by General Motors which set up its Headquarters in Sweden but its assembly lines are spread out between Sweden, Germany and Mexico. This is truly a good example of cooperation!

Of course, it is essentially to governments that the responsibility of managing the crisis falls. Nonetheless, the Parliaments must play a vital role and in exceptional circumstances, they must monitor the action of the executive power. They must also be able to taken the necessary decisions as quickly as possible. We often hear complaints about the slowness of work in the *Riksdagen*, the Swedish Parliament, but we act according to our needs: thus, as regards the financial markets stability plan, our Parliament, entirely mobilized, beat all speed records!

It goes without saying that speed is not everything. Parliaments must also gather public support for Government action, especially in times of crisis when difficult measures are necessary. Transparency and time for dialogue are essential for political action. It is in involving all the interested parties and by strengthening cooperation between Governments and Parliaments that we will manage to gain the support of public opinion, that we will avoid the economic crisis becoming a political crisis and that we will take sustainable measures.

During this financial crisis, the committees of the Swedish Parliament have interviewed many ministers, experts and representatives of various sectors of the economy and the debates, which are public, have often been broadcast on national television. Similarly, within the Committee for European Affairs, the Finance Ministers present, at monthly meetings, the questions which will be dealt with by the Ecofin Council. As of the month of March they will be interviewed by the parliamentary Standing Committee on Finance before every meeting of the Ecofin Council.

In order to better meet the challenges which await us, an exchange of our respective experiences is essential. We must strengthen the role of Parliaments and inter-parliamentary cooperation. In times of crisis we must create a united front and remain united for example by means of inter-parliamentary forums.

As regards the propositions of our Czech colleagues concerning the crisis in Gaza, I, of course, recognize that we are dealing with a major crisis but I am in disagreement on one point: each speaker/president plays a different constitutional role. In Sweden, for example, the Parliament over which I preside, has explored several avenues in an attempt to solve the Gaza crisis; having said that, the Speaker of the Parliament cannot quote or represent everyone!
(Applause)

DEBATE

President Bernard Accoyer – I would now like to open the debate for which eighteen speakers are enrolled. Each speaker will have two minutes thirty seconds; I would be very grateful if you would strictly respect the time limits so that each of you may have the possibility of speaking. I would just like to make it clear that each speaker will now speak in the microphones placed around the Chamber.

Mr. Gianfranco Fini, President of the Italian Chamber of Deputies – Mr. Tajani, Vice President of the Commission and Mr. Pöttering, President of the European Parliament have, through their speeches, brought an important contribution to our debate. I will attempt not to fall into the trap of repetition and I will try to propose a new light on the extra dimension which Parliaments can bring in the struggle against the crisis.

Our assemblies are by definition varied; like Mr. Westerberg, I would have great difficulty in summing up the position of all the members of my assembly as regards the Israeli-Palestinian conflict. And for good reason: our assemblies represent the plurality of our societies even if there is a majority which provides the Government with its legitimacy. But, as the Treaty of Lisbon states, it is the role of Parliaments to provide an extra democratic dimension.

Governments attempt to solve crises; Parliaments try to do the same thing, in their own way. Thus, a Government might consider that its action could bring a satisfactory response to a crisis; it is up to Parliament then, bringing together as it does, a plurality of opinions, to tell things as they are to public opinion. We must tell our fellow citizens that today we are going through the first ever planet-wide crisis in the history of humanity. We Europeans have indeed already met quite a few crises but this is the first time ever that no region of the world has managed to escape such a crisis. We must say it and say it straight that this is no ordinary crisis but a crisis without precedent and no one knows how we will come out of it. Once this crisis is over, nothing will ever be the same again.

The only solution to a planet-wide crisis is a planet-wide response: every country in the world will place its brick in the wall of the solution. In these circumstances the role of Parliaments is carry out a mature reflection on the cause of the crisis. Mr. Pöttering referred to the social market economy: if the economy is too interwoven with finance, this can lead to disastrous social consequences. The economy is above all about satisfying demand and not about speculation, investment in the stock exchange or enrichment through pulling financial strings. That is the European social model!

This economic crisis which has social consequences is at the convergence of three major problems: insecurity linked to global immigration, terrorism and the crisis in energy. Consequently it goes without saying that no national Parliament can go it alone; it is up to all the European cultures together to meet this challenge in unison with our allies from the other side of the Atlantic. (*Applause*).

Mr. Blaz Kavčič, President of the National Council of Slovenia – The crisis which was first of all financial, then became economic and subsequently social and even moral. It can only be overcome by long-term measures.

What share of the blame at the origin of this crisis can be apportioned to globalization? Developed economies have been marked by a decrease in the number of employees and the repercussions have struck quite a few other countries like China for example. Economic globalization has an impact in the social and environmental fields. In this context, the costs are met by the financial contributors of the Union, i.e. private individuals, whilst the profits go to large-scale multi-nationals. Consequently, the fundamental question to which we must reply is that concerning the fair sharing of the profits of this world-scale order. (*Applause*).

Mr. Herman De Croo, Vice President of the Chamber of Representatives of Belgium – Two things strike me. First of all, the crisis came as a surprise. Some people claim to have seen it coming but no one really anticipated its full force. Secondly, this crisis requires us all to be humble. The state, despite its limits, set itself to dealing with the most urgent matters first through subsidies and guarantees. The banks are, of course, the oxygen of our economy but another priority is represented by labour-intensive sectors such as the automobile industry. In addition, there is a great temptation to look for scapegoats and to carry out numerous legal or political inquiries, even confusing the two areas – I myself am *rapporteur* of the committee which deals with the bank crisis.

In the end, we do not really have a systematic response to the crisis. Yet its consequences could be appalling: it could lead to negativism or nationalism among voters but it could also bring protectionism and a preference for short-term fixes even though its effects are global. The fact of remaining humble faced with this crisis, our inability to react, should force us to adopt a stance based on solidarity – even if it is slightly artificial given that we all have to be aware of our respective electorates. As we are careful about justifying our political existence, we have difficulty in accepting that the causes of and the solutions to, this crisis are beyond our capabilities. However for us, becoming aware of how limited our means are, and how modest our efforts can be, is perhaps even more important than understanding the ills themselves. (*Applause*).

Mr. Javier Rojo, President of the Spanish Senate – Faced with the huge economic fracture of globalization, we must meet a financial crisis whose endpoint remains unknown to us all. European and American leaders, as well as those of emerging countries, have set out to rescue the financial system and to guarantee its viability and in so doing to guarantee the savings of its citizens.

We have for too long been exposed to the risk posed by those who do not respect the popular will. Democracy has undergone the threat of its own extinction! We must reestablish democracy and link it to the essential preoccupations of its citizens. So as to guarantee prosperity we must grant the market a new role and adapt its rules so that they provide more responsibility. Such is our task as we are the representatives of the will of the people.

Parliaments must require Governments not to stop replying to national needs whilst they strengthen international cooperation at the same time. No country can go it alone. To do this, we must work within the framework of supranational institutions and we must make effective rules for us all so that the market may develop in full transparency, equity and justice. Otherwise inequalities will grow, unemployment will increase and the social consequences will be appalling – hunger and undernourishment could strike millions of people. It is up to us to defend the dignity of the lives of our fellow citizens!

But rhetoric is not enough. We must say it clearly to our citizens that their representatives are determined to carry out their spirit of initiative. No, the catastrophes to come are not inevitable! Let us recognize that so far we have not provided a good example. What is the European Union doing, what are the economic and political institutions doing? Has the moment not now come for us to cooperate through common policies, to assert our union, our identity, our social cohesion – in short, our state of well-being?

European citizens will soon vote to renew their Parliament. If we are not capable of proposing a strong and integrated Europe which can dialogue with the world, we will encourage euro-scepticism and will discredit our institutions. This is where our responsibility lies! (*Applause*)

M. John O'Donoghue, Speaker of the National Assembly of Ireland – This morning we referred to the breaking of the link between the European electorate and its institutions. This is a fact: today Europe must meet many great challenges which affect the daily lives of its citizens. These challenges are an opportunity to be seized.

Certainly there is a growing number of financial difficulties, both for the citizens and for the state, and Europe is often called upon to solve these problems. It is naturally impossible for Europe to satisfy all these demands in a cut-and-dried manner but it is capable of reacting to this crisis. In this context the European economic recovery plan is very significant. In Ireland, paradoxically, it has led to reflection, even introspection, on our conception of what Europe is. Ireland adopted the Euro: it saw sustainable economic growth and often called on Europe to make its contribution. The Irish people have understood this and I am confident concerning the result of the vote which will take place next October – without at the same time resting on my laurels.

Let us avoid protectionism and let us protect the single market! It is essential that Europe makes its presence and its action felt in the Balkans, in the Near East or in any other area of conflict. In the past, replying to Mr. Churchill who told him that in his country, things were serious but not desperate, Mr. De Valera, said the following: “In our country, things are desperate but certainly not serious”! (*Laughter and applause*)

(Mr. Gérard Larcher, President of the Senate, replaces M. Bernard ACCOYER in the President's chair)

Chairmanship of Mr. Gérard LARCHER

Mrs. Ene Ergma, President of the Estonian Parliament – The best way for Estonia to deal with the crisis is to present a favourable environment to companies, including in the fiscal field, whilst at the same time strengthening the efficiency of the public sector. On February 20, last, our Parliament passed a budget which reduces public sector spending by 10%. Our priority is the adoption of the Euro; the measures which we are taking in that direction remain, unfortunately, limited.

At the same time we are supporting companies which export. Similarly, investments made on the basis of the structural funds have seen significant growth. Estonian banks have stood up quite well in the crisis; thanks to capitalization their financial situation remains quite stable. Everything must be done in order to maintain this financial stability. Estonia, which supports the efforts of the Commission aiming at implementing the political

commitments of the G20, decided last November not to adopt any protectionist measures in the following twelve months.

Europe is strong when it acts in a united way. The time has certainly come for us to concentrate the Union's action more on innovation which will breathe new life into its economy. (*Applause*).

Mrs. Katalin Szili, President of the National Assembly of Hungary – I have noticed that the speeches appear to be more questions than statements. And with good reason: the question of what to do concerning an economic and financial crisis with such social and economic consequences is indeed a legitimate one. On the one hand, we must attempt to limit the damage it causes, whether that be by maintaining jobs or protecting companies threatened with collapse. On the other hand, we must avoid the worsening of the social crisis – to this effect, tomorrow we will discuss Europe for the year 2030.

In such a context, the role of Parliaments consists above all in the monitoring of Government action. We must also demonstrate our solidarity both on the national level as well as on an international scale. Everyone knows that the crisis is not hitting each country in the same way. The countries which have only been part of the Union for five years are suffering more from the crisis, as it represents the second economic regression they have undergone since the change of political regime.

Cooperation is essential both with the banks and with the different sectors of the economy. In this area Parliaments have a role to play. Finally, we must also ensure that our decisions are genuinely applied in practice and must not accept that they remain merely theoretical (*Applause*).

Mrs. Gerdi Verbeet, President of the Chamber of Representatives of the Netherlands – This recession is not the first that we have known but we must go back to the 1980s to find one of a similar seriousness. At that time I was a teacher: every year, I had to tell my students that, in spite of their efforts, two thirds of them would not find work.

In the present crisis, we must take into account the political and economic changes which have taken place since then. We live in a more interdependent world. Europe's role in that world has changed; the enlargement of the Union and the creation of the Euro have turned Europe into the world's largest economy, placing us in second position as regards the world's currencies. We share interests but also responsibilities.

We must always bear in mind that none of our countries is big enough to go it alone. Even when it comes to protecting one's markets and jobs, it is never desirable to ignore one's neighbours. On the contrary, it is together that we must face the challenges of today. Thus, we need to reform economic supervision within the Union as the Larosière Report suggests and we must introduce a new system for the management of monetary flows, so as to provide a new boost to the European economy in the context of the recovery plan. The Commission and the presidency of the Council have already closely studied these questions but the decisions must be taken without delay – whilst at the same time being careful to avoid any form of democratic deficit.

In my country, the Government has decided several times, from one day to the next, to inject substantial sums of money into the re-launching of large financial institutions.

These sums are taken from taxpayers' funds and thus we must very carefully examine the choices which are made in the taxpayer's name. This is the role of Parliament; it must be respected. The responsibility of making sure that such discussions take place falls upon the shoulders of the presidents of national Parliaments. (*Applause*)

Mr. Gundars Daudze, President of the Latvian Diet – The crises of the 21st century are more complex than in the past and so no longer stop at the borders which previously held them up. Transnational management of crises is essential for the Union: it is by seeking common solutions that we can raise the confidence our citizens have in the European project.

Latvia has suffered badly from the crisis. At the end of last year, the Government recognized that our economic growth, which had been fast over several years, had come to a halt. Structural problems added to the global crisis pushed Latvia to call upon its foreign partners and in this respect, I want to thank all the member states of the Union who supported the Commission's proposition to grant us their financial support, as well as all those who helped in a bilateral framework.

In response to the crisis, the Latvian Parliament had to engage a fast legislative process; in a very short time, we amended the budget and adopted a special economic stabilization programme. Today we are undergoing substantial budgetary cuts, strong social pressure and the discontent of the population. Times are hard, especially for us, the political leaders, whose duty it is to act.

Even though we sincerely value the solidarity of which we have been the beneficiary, we must note that the crisis has revealed certain of our weaknesses: decisions taken in one country can have an effect upon another. We must therefore give particular importance to the coordination of our decisions – a process in which national Parliaments must be involved.

Every crisis opens up new avenues and forces us to mobilize in order to correct our mistakes and find new, creative solutions. During times of crisis, a society turns towards its leaders. In the areas of peace and stability, the Union has already proved itself. This project came to fruition because of courageous leaders who had a vision; today, it is our turn to act, so that this project may live and maintain the well-being of our citizens!

Mr. Sauli Niinistö, President of the Finnish Parliament. No one can say when the crisis and the recession will come to an end, or how we can solve it. Let us, nonetheless, try to be optimistic: once we have touched the bottom, we must begin to climb again. We are in the midst of what economists call "creative destruction". Our economies are able to reinvent themselves and to be reborn from their ashes just like the Phoenix.

I would like to come back on two questions.

The first concerns borrowing and debt. Everywhere in the world, Governments have borrowed enormous sums of money: 50 billion Euros per week, according to estimates. Is this a real stimulus or, on the contrary, a kind of "drip" aiming at avoiding "bubbles"? Are we not moving too far away from the real economy? Local government budgets cannot possibly follow. At the beginning of the 1990s, Finland had the worst recession of all the OECD countries. It took us two years to come out of it but three times longer for the public sector, to the extent that we have had to continue to borrow during this whole period. In fact it

was 20% of the Finnish population, those who found themselves jobless from one day to the next, who suffered for all the others.

Second point: as regards debt, we need better protection than that provided on the financial markets. In the United States, we are told, the quantity of dollars in circulation is increased and in China, they play on the exchange rate. If this is true, then it means that others are picking up the bill. What solution can the European Union bring? In my opinion, our cooperation must be strong and forceful in such a way that others do not have to pay for the situation. We are, indeed, national Parliaments but we need to show great flexibility in the coming ten years. *(Applause)*

Mr. Pavol Paška, President of the Slovak National Council. My speech will deal with the notions of protectionism which must be rejected and solidarity which must be developed. The Slovak economy which is completely open and centered on cooperation with our European partners is still in full growth. This is why these two ideas are so essential for us.

Certain experts recommend “magic” solutions: divide the European Union and save the nation-states, close down the national economies (such ideas often come from the larger economies), or even return to our former currencies. Even in the case where such an idea were acceptable from an economic point of view, it is totally unacceptable from a political standpoint.

Those of us who represent new member states and former countries of the communist bloc, have worked hard throughout the integration process to persuade our populations of the necessity of Europe as the only road to prosperity. It would be unimaginable for us now to defend the protectionist solution before our voters. “I’m terribly sorry”, I would have to tell them, “but I got it wrong. It was only an experiment! Forget free trade, free movement, Schengen...yes, we transferred to the Euro two months ago but let’s now go back to the Slovak Crown!”

The closure of borders and of economies is not the right solution. This conference must send a clear message: only solidarity and strengthened cooperation between the member states can get us out of this crisis and back onto the road of prosperity. *(Applause)*

Mr. Thor Pedersen, President of the People’s Assembly of Denmark. During the current crisis we must be careful about predicting the future. Of course, the economy has always known good and bad periods, the latter being the consequence of bad decisions. The only way to pull through, is to adopt new measures which take into consideration the unusual and global nature of this crisis. Today everyone sells to, buys from, lends to and borrows from everyone else. Countries are interdependent. The dollar depends on China buying American bonds etc.

Thus we have to set aside all forms of protectionism. We must solve this crisis together. What is more, this crisis will only last as long as our peoples believe that the situation will get worse. The turning point will come the day the consumers dare once more to buy new houses, new cars etc.

In Denmark, not everyone has been struck by the crisis. Civil servants, for example, have seen their salaries increase whilst, at the same time, the cost of living has decreased. Nonetheless, spending has not yet resumed as people believe that prices will decrease even further. It is thus our responsibility to make sure that the money held in households comes back on the market and to invest in the areas which produce results in the long term, such as infrastructure and transport. *(Applause)*

Mr. Armand De Decker, President of the Belgian Senate. We are currently going through what is probably the first great crisis of globalization. For the moment, the responses that we are providing are mainly of a national nature and aim at saving the essentials in the short term. We know however that the real response can only be global and, as far as we are concerned, European. Faced with the great emerging countries, the solution will be put forward through legislation and global regulation.

We often talk of the situation as if the worst were already behind us. I, for my part, fear that it may yet be ahead of us. If that were to be the case, then the solidarity, about which we have all spoken here, must be implemented very quickly. The European Union has already put forward propositions, particularly through the group chaired by Mr. Jacques de La Rosière, to better regulate the financial system and to give it the ethical code which it has so lacked. Speculating with virtual money is not producing; it is not participating in an active economy; it is playing and taking risks with the rest of the world.

We must therefore put more energy into European efforts and also think about the global response. Of course, the International Monetary Fund should intervene to regulate the financial system but I also ask you to consider the situation in the third world. The World Bank estimates the investment necessary to allow these countries to participate in the economic recovery at 2,000 billion dollars. If we do not carry out such investment, we will probably be faced with the greatest ever migrant flow in the history of humanity.

In this context, I wish to emphasize the very specific role the Economic and Social Council of the United Nations could play in finding formulae which might associate the economies of the countries of the South with the recovery of the global economy. *(Applause)*

Mr. Georgi Pirinski, President of the Bulgarian National Assembly. Like Mrs. Szili, I believe that, for a large number of central and eastern European countries, the crisis is double. The crisis due to the transition had very similar effects to those of the current crisis on the old member states: massive unemployment, substantial fall in income, very painful restructuring, huge fall in the standard of living. If we were able to implement reforms at that time, it was because the populations imagined there would be subsequent improvements. And now they are victims of this new crisis.

May I also take this opportunity, my dear colleagues, to ask you to firmly recommend to your respective Governments to re-launch the infrastructural programmes which have recently been somewhat sidelined because of a lack of financing. It is essential that the banks implement such financing. I am in particular thinking about the crucial Gazoduc programme which links the Black Sea to the Mediterranean via Bulgaria.

It is also necessary that the structural and cohesion funds be accessible and that they be put to the best use possible.

We often hear of more regulation, of more intervention; certainly, but let's be careful about respecting the proper balance and not damaging the market in general and the single market in particular. *(Applause)*

Mr. Bogdan Borusewicz, President of the Polish Senate. We know when the crisis began but we do not know when it will come to an end. It is difficult to predict what will be the outcome. Nonetheless, we must tell our voters the truth: the crisis will hit everyone and there is no miraculous solution. It is not by increasing the budget deficit and public debt that we will solve the crisis. Look at Ukraine where this type of measure was used. The gas conflict is only postponed as the country does not have the money to pay.

Economic events may have repercussions at other levels. For some, protectionism is the best response to the crisis. Many of our voters believe this to be the case. However, we all know that it is not the right solution, in fact quite the contrary: it would be extremely dangerous for the European Union. Having said that, the economic crisis will, unfortunately, lead to a social crisis.

However, there may also be positive effects. The European Union and even the Euro may see a resurgence in their popularity. Today we have the opportunity of replying to the question which all our citizens are asking us: why do we need the European Union? It is quite clear that we need it so that we can act with solidarity in difficult situations. (*Applause*)

Mr. Alan Haselhurst, Deputy Speaker of the House of Commons of the United Kingdom. Not to have included the topic of the crisis on our agenda would have been extraordinary. Having said that, we are neither the Council of Ministers for Foreign Affairs nor that of Ministers of Finance. As my Swedish and Italian colleagues have both noted, the speakers of Parliaments are not, constitutionally, political leaders.

In addition, we represent very different opinions between which there can be extremely wide gaps. We must therefore be very careful. Debating is one thing but envisaging intervention is altogether another. If we decide upon an intervention in Gaza then why not do the same in Zimbabwe or in Afghanistan? There are many crises in the world and we would open ourselves to criticism if we were to choose but one of them.

As regards the financial crisis, the solidarity of which we have spoken represents an important message. However, I am not sure I have heard any solutions proposed here – indeed were we to suddenly come up with a formula to solve the crisis, our place should be in the Finance Ministry! The most we could say upon returning home, would be that our conference envisaged such and such a solution which seemed interesting and that it underlined the considerable role that Europe must play. (*Applause*)

Mr. Trajko Veljanovski, President of the Assembly of the Former Yugoslav Republic of Macedonia. It is an extreme privilege but also a great responsibility to take the floor here today in the homeland of Robert Schuman and Jean Monnet, the founding fathers of a united Europe. Today's European Union is, in fact, the response to one of the most terrifying conflicts our continent and our whole civilization has ever known.

In the Republic of Macedonia, although the crisis has but lightly hit the banking and financial sector, it has had significant repercussions on daily life and the Parliament has actively participated in the search for solutions.

At the beginning of this century, the Republic of Macedonia was faced with one of the greatest crises of our recent past; a conflict based on ethnic questions which we have managed to go beyond, thanks to the framework agreement, worked out with the help of the international community but also with the determination of the people of the Republic of Macedonia, which sought tolerant cohabitation between people with differences. Indeed it is precisely with the signing of this agreement that the role and the responsibility of the Assembly of the Republic of Macedonia begins, in the constitutional implementation and the practical application of said agreement. Believe me, this process was not simple and it is indeed on-going, but today, the framework agreement is an operational model for a multi-ethnic, multi-cultural, multi-confessional and above all else, democratic state for the Republic of Macedonia. The principles of this agreement are now part of our daily lives. They also represent the proof of our determination for the future generations. I am also persuaded that this agreement is an operational model which could inspire other states in the field of cohabitation and inter-ethnic democracy.

Through its values, laws and provisions, the European Union, to which NATO must be added, is the second decisive factor for strengthening homogeneity within Macedonian society. We are aware of the duties we must fulfill as regards our membership. From this point of view, the role of the Macedonian Parliament has been confirmed on a daily basis and in a transparent way, before our national public opinion but also before the international community. We are even more aware of our responsibility as our region is still fragile. It is for this reason that our Parliament grants particular attention to regional cooperation.

A united Europe cannot be built in one fell swoop. It will be constructed by means of concrete achievements and above all, through the creation of solidarity supported by action: this was already the thought expressed by the great Robert Schuman in 1950.

The citizens of Macedonia now hope for the ending of the visa system as they have already made much progress in this area. Please allow me, in this regard, to conclude with a quotation from another great European and great friend, the European commissioner, Olli Rehn: "Restrictive borders limit our minds, chain our action and reduce our influence: expansive borders free our minds, stimulate our action and strengthen our influence". Through what they have already accomplished, the Republic of Macedonia and the citizens of Macedonia deserve that today. (*Applause*)

Mr. Harald Reisenberger, President of the Austrian Federal Council. The economic crisis which all our countries are going through is also a crisis of confidence. On account of the interdependence of economies, the only solution can be a common solution. No country can consider that everything is absolutely fine if only its own national economy is working: our economies are inextricably linked. In a group like Opel for example, decisions will have repercussions on many other companies as well as many other countries.

We must, in particular, keep an eye on those who continue to take advantage of the crisis. It is a duty for us to have a very precise idea of what is happening.

The question of who is responsible for the crisis will remain without an answer. However what is certain is that it is not the employees of our countries. Not only must we protect them but we must also ensure their promotion. Certain people are surprised that civil servants' salaries are going up. It is however important that employees gain increases and that, despite the crisis, their work be correctly paid.

In the framework of the European Union, we must reflect upon the criteria which we have set ourselves, as the situation is a new one. Unemployment creates insecurity, insecurity creates poverty and poverty creates instability. Our aim is exactly the opposite: work for all, as well as security, prosperity and stability. (*Applause*)

Mr. Arūnas Valinskas, President of the Lithuanian Diet. Many international crises hold our attention: Gaza, Ukraine, Russia, Georgia etc. However one cannot be satisfied with just talking: we must move from talk to action and find political solidarity.

Having said that, I must agree with my British colleague: if we had the miracle cure to the economic crisis, we would not be speakers of national Parliaments but ministers of finance. We know the starting point of the crisis but we do not know where the finishing line is.

Certain countries have larger populations than others but the European Union is our common home. When the house is on fire quick action must be taken. In my opinion, we have not used all the instruments which we have at our disposal. Why would one buy a new

musical instrument if one is not yet capable of playing the old one. Let us try to learn how to play the old instrument before even thinking about buying a new one!

I thus call for political solidarity. Protectionism is the worst of all threats as, by definition, it is introduced to the disadvantage of our partners.

President Gérard Larcher. Thank you to all the speakers.

I have noted two main ideas in your speeches: firstly, no to protectionism and secondly, the importance of solidarity. It is only by working together that we will manage to overcome a crisis whose consequences, we must remember, spread into emerging and developing countries.

The preparation of the parliamentary dimension of the presidency of the European Union

**Report by Mrs. Katalin Szili,
President of the National Assembly of the Republic of Hungary**

President Gérard Larcher. I remind you that before 1989 there were no meetings between the national Parliaments of the Union. Then came the COSAC which was followed by the development of joint meetings in Brussels, gathering the European Parliament and the Parliament of the country holding the presidency. Last November's such meeting, my dear President Pötering, enabled us to reach a happy conclusion on the "energy-climate package".

President Szili, I will now give you the floor to present your report. We will be even more attentive to your words as Hungary will hold the presidency of the Union in the first semester 2011.

Mrs Katalin Szili, President of the National Assembly of the Republic of Hungary. My dear colleagues, the document which we have drawn up is around forty pages and is at your disposal. Thus my presentation will be brief.

At the outset, we sent each Parliament of the Union, a questionnaire dealing with eighty-four points and divided into three sections: firstly, questions on the political role of Parliaments; secondly, questions on their technical role and finally questions aimed at setting down what could be a "model" in the field.

We have spoken much today about the strengthening of the role of Parliaments. In this respect, the Treaty of Lisbon would be precious in allowing us to take on our responsibilities.

In any case, the time has come to write a kind of 'handbook' for national Parliaments both in the field of their relations with Government and the area of inter-parliamentary cooperation. Our monitoring missions include the monitoring of the preparation of the presidency of the European Union. All the replies which we received and for which I thank you, my dear colleagues, emphasize the vital role that we can play.

Generally speaking, Parliaments set up a group of between fifteen and twenty members to prepare the presidency of the Union. In bicameral systems, the two chambers work in close cooperation. I note with pleasure that the standing committees accept to become involved in the preparatory meetings.

Of the main problems of a practical nature, we should mention that of simultaneous translation. I think that the language policy adopted by the COSAC could be applied to the Conference of Speakers of Parliaments.

In addition, the preparatory work of Slovenia to arrive at a consensus to enable it to carry out the presidency may be cited as an example.

My dear colleagues, I ask you to ensure that this report has a follow-up by sending me your remarks and observations. We intend to have it published on the IPEX site but also to have a manual published for the use of Parliaments during the period of their presidency of the European Union. *(Applause)*

M. Herman De Croo, Vice President of the Chamber of Representatives of Belgium. I wish to thank Mrs. Szili for this report to which all Parliaments have contributed. It is indeed a real sign of the positive development of the Conference of Speakers of Parliaments which must find its own way between the COSAC and the European Parliament.

President Gérard Larcher. We all agree entirely with the sentiment behind these thanks.

Announcement by the President of the Polish Diet

M. Bronisław Komorowski, President of the Polish Diet. As Poland prepares to hold the presidency of the European Union in the second semester of 2011, we must not forget an important anniversary, especially for the countries of Central and Eastern Europe. In June 1989, *Solidarinos* won the general elections in Poland. This event was a prelude to the fall of the Berlin Wall and to the reunification of the European continent. I invite you thus, my dear colleagues, to come to Warsaw next June 1-2 to celebrate this anniversary.

President Gérard Larcher. Thank you for this invitation, Mr. President and for the symbol which it represents.

We shall now make go on to the Elysée Palace where we will be received by the President of the French Republic.

The sitting was closed at five twenty-five p.m.