Opinion of the European Economic and Social Committee on 'Renewal of the Community Method (Guidelines)' (own-initiative opinion)

(2011/C 51/05)

Rapporteur-general: **Mr Henri MALOSSE**

Co-rapporteur-general: **Mr Georges DASSIS**

On 17 December 2009, the European Economic and Social Committee, acting under Article 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

Renewal of the Community Method (guidelines).

The subcommittee on the Renewal of the Community Method, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 19 May 2010 The rapporteur was Mr Henri Malosse and the co-rapporteur, Mr Georges Dassis.

Due to the renewal of the Committee's term of office, the European Economic and Social Committee appointed Mr Malosse as rapporteur-general and Mr Dassis as co-rapporteur-general at its 466th plenary session, held on 19, 20 and 21 October 2010 (meeting of 21 October 2010), and adopted the following opinion by 187 votes to five with six abstentions.

1. **Conclusions and recommendations**

1.1 In spite of some outstanding successes and an ever-widening influence, the European Union continues to doubt itself and to cause others to doubt it. Even the dazzling success of the euro has been unable to prevent economic and monetary union from being badly undermined by the present financial crisis to a degree unseen anywhere else. The Lisbon strategy has failed to allow the Union to take up a leading position in the knowledge-based economy. Confronted by these difficulties, Europeans are gradually losing patience, and indeed many wonder whether or not the Union will prove itself capable of addressing the major challenges of our time such as globalisation, climate change and recovery from the economic and financial crisis.

1.2 In moments of doubt, it is however worth revisiting the 'fundamentals' of the European project. The Community Method, the underlying foundation of the European Union's 'halcyon days', must be renewed and relaunched.

1.3 The EESC advocates applying the Community Method in those areas where Europeans' expectations are at present highest: relaunching the European economy, making our education, innovation and research systems more dynamic, ensuring secure energy supplies, supporting sustainable development and the fight against the serious problems caused by climate change, promoting equality of opportunity and entrepreneurship, freedom of movement and the mobility of people whilst respecting social rights and developing services of general interest in a European context, in particular in relation to communications, the environment, health, security and civil protection.

1.4 The full potential of this relaunch of the Community Method can only be realised if it is equipped with sufficient resources such as a corresponding increase in the European budget, the development of public/private partnerships, improved coordination between national and European budgets and the consolidation of a European Monetary Fund.

1.5 The EESC thus concludes that this decade's Community Method will not resemble that of the 1960s or 1980s. Today, Europeans must be encouraged to engage with and take an active part in society via participatory democracy and those working on behalf of civil society. The EESC, therefore, calls for European civil society to take on an increasingly important role not only in initiating European policies, but also in measuring their impact so that their effective implementation may be ensured and any serious shortcomings remedied.

1.6 Applied to today's pressing problems and to the expectations of Europeans, equipped with effective implementing resources and renewed with improved civil society participation, the Community Method can, and indeed must, resume its position as the driving force behind the relaunch of European integration.

2. **Why renew the Community Method?**

2.1 Since the European project's very inception, it is the Community Method which may be credited with making European integration original and successful, and shaping the European Union into what it is today. It is characterised by:

— pooled resources used in the pursuit of common objectives,

— projects informed by the general interest,

— open and democratic debate bringing in civil society,

— decisions made on a majority basis with due regard to the law,

— effective administrative and judicial monitoring of their implementation,

— direct impact and interface with economic and social interest groups.

It is the espousal of this Community Method which has secured Europe's key achievements.

2.2 The Member States have retained very considerable, often exclusive competence in areas not directly covered by the treaties, ranging from traditional matters of sovereignty such as defence and the police to other matters with specific political, cultural and historical dimensions such as taxation and social relations. Intergovernmental cooperation in such areas is itself an important aspect of the European project which would also be worthwhile analysing so that its practical consequences may be measured and its appropriateness for dealing with what is really at stake in today's Union evaluated.

2.3 The success of the Community approach in achieving the main common objectives has gone hand-in-hand with economic development and a deeper political dimension in the process of European integration. Successive enlargements, first westwards, northwards and southwards, and then to the East with the fall of the Iron Curtain, likewise testify to the powerful and unrivalled attraction that these achievements have exerted on other countries in Europe.

2.4 Recent years, however, have seen a diminution in the Community Method's momentum and its ability to persuade countries to make common cause. The European Commission has often appeared to lack both the means and the will to take initiatives which fulfill expectations and rise to challenges. Today, however, the European Union is grappling with new problems in the shape of ever more merciless globalisation and an economic and financial crisis which is not only causing difficulties for many businesses, SMEs in particular, but is also at the root of a widening social divide which has seen a growing number of people excluded from society, or at the very least, become increasingly hard-pressed. Europeans are becoming less and less convinced of the European project: it appears to create more problems than it solves.

2.5 Europe's failure to make a mark at the World Climate Change Summit held in Copenhagen in 2009 plus the Union's inability to present a unified front in reacting to the financial difficulties encountered by one of the euro area's Member States served to underline this sense of drift which also led to instability in the financial sector.

2.6 As globalisation picks up speed, the European Union appears off the pace, mired in its own contradictions, complexities and delays. With the coming into force of the Lisbon Treaty, the EESC advocates renewing the Community Method which will prove crucial to determining Europe's position on the world economic and political stage. The EESC's recommendations touch on the main issues listed below:

— highlighting the European identity and general interest;

— matching of objectives and resources;

— involving civil society.

3. **Highlighting the European identity and general interest**

3.1 The lack of a stronger definition of a common European identity, which takes precedence over national interests and differences, will make it impossible to relaunch the Community Method. As long as the notion of 'European' remains synonymous with 'foreign' and the Member States and their national administrations lack any true incentive to 'buy European', fearful of treading on the toes of 'their' taxpayers and under pressure from 'their' companies, there is little to be gained by a further raft of legislation opening up public procurement. And yet, in a globalised world, it is only a Europe solidly united around its key common objectives which will be able to attain them.

3.2 A definition of the general Community interest is therefore needed. The Commission should encourage a wider exchange of ideas here and not stand on the sidelines as happened recently during the financial crisis and when one of the euro area's members fell into difficulties. All too often it seems to pander to the Member States' and national administrations' immediate sensitivities whilst the widely-understood common interest would often have required a solution based on collective responsibility and on the idea of a set of common interests.

3.3 The European Commission seems to be encountering ever-increasing difficulties in defining and representing this general European interest. And yet this is the very substance of its role. It must try to regain the momentum of the 1960s and 1980s. These days it no longer stands alone, and the establishment of a new triangle of institutions which includes a strengthened Parliament and a President designated by the European Council should encourage it to assume its role as the proposing and monitoring body in the fullest sense.

3.4 As the representative of the European citizen, the European Parliament must henceforth play a major role in determining the general European interest. Flanking the European Parliament, the two consultative Committees, (EESC and CoR), should be able to use their leverage to support and bolster European Commission initiatives whilst nonetheless upholding the citizen's right of initiative and all other aspects of civil society's bridging role.

3.5 The renewal of the Community Method will have a substantive impact only if the concept of 'subsidiarity', which has often fallen victim to an excessively one-sided reading, i.e. as an instrument which reins in the application of this Community Method and the implementation of new Community policies, is reviewed. A fresh, more dynamic approach to this concept is needed, based on the principle which accepts, that for reasons of efficiency and economies of scale, it will over time more often than not prove preferable to transfer those sectors which require substantial resources, infrastructure, research and development, industrial policy, defence, foreign policy, security, the fight against poor health, for example, to European level. Provided that their national political leaders do not seek to fudge the issue Europeans citizens are capable of understanding this.

3.6 With a gulf opening up between the citizen and the European institutions, it is crucial that the Union map out new areas of application for the Community Method which match its citizens' high expectations.

3.6.1 The time has come, therefore, to build up European services of general interest in those sectors where changing circumstances and challenges make them necessary, such as civil protection, international emergency aid, customs services, transport, research centres, high-speed networks, for example. From these new bases, European concessions of general interest could be promoted via public/private partnerships to develop Transeuropean Networks (transport, energy, telecommunications), thereby enhancing our cohesion and competitiveness.

3.6.2 The lives of citizens and companies could, in addition, be made easier and their awareness of the reality of the Single Market raised, by immediately taking a number of initiatives whose usefulness in terms of the general interest has long been accepted: a European industrial policy which, by harnessing synergies, addresses the challenge of globalisation, a European statute for SMEs, and for foundations and associations, a one-stop shop for taxation for cross-border SME transactions and a Community patent. A range of legislative instruments guaranteeing the free movement of persons whilst upholding their social rights and the right to collective bargaining must be developed. Citizens' initiatives channelled via the Parliament and the EESC could also give rise to other initiatives relating to security of energy supply, sustainable development and consumer protection, for instance.

3.6.3 As the EESC has emphasised on a number of occasions, the decision to use directives in the area of public procurement led to a resounding failure, probably the most serious in the Single Market's history. More than thirty years after the Single European Act, public procurement is still too fragmented. The absence of Community spirit has led to a piling up of highly detailed European directives, supplementary national legislation and multiple derogations and resulted in the continued ring-fencing of the equivalent of 15 % of European GDP. In this area, and in others where it may be deemed to be advantageous, the European Commission should give preference to the directly applicable regulation over the directive, the implementation of which requires transposition into national law.

3.6.4 The European Union must step up its investment in the 'knowledge triangle': education, research and innovation. Education, widely recognised as essential to Europe's recovery, cannot be kicked into touch by the European Union. Building on the successful Erasmus initiative, more ambitious mobility programmes, exchanges supported via a European network of universities, special initiatives designed to promote key competences, the development of entrepreneurial flair and actions for specific target groups should be generated at European level via a new approach founded on the general interest. With regard to research and innovation, the Eighth European Framework Programme must become the symbol of the new Europe and focus on areas such as nanotechnology which, via Community research centres, and with the appropriate human and financial resources, would become a truly European industrial project.

3.6.5 Economic and monetary union should become established at the core of European identity and cohesion. This is far from being the case today, as the disparate national policy responses of the euro area Member States to the economic and financial crisis showed only too clearly. The euro area should become a state-of-the art testbed for economic and financial integration by stepping up cooperation which would generate a positive knock-on effect for the dynamism and effectiveness of the European Union as a whole. The EESC welcomes the Commission proposal to set up a system to 'monitor' the economic policies of the Member States. The task outlined in the proposal is not merely one of accounting, in the OECD sense of the role, but one endowed with far greater scope, which takes into account the political priorities of the citizens of the Union with regard to social cohesion, the fight against exclusion, job creation and developing creativity and entrepreneurial flair.

3.6.6 The European Union, with the strength of the euro behind it, must also speak with a single voice at international economic and financial meetings, the G20 in particular, and consolidate its participation in the IMF and the World Bank.

3.6.7 Strengthening Europe's foreign policy is a key element of the Lisbon Treaty. It comprises the establishment of a diplomatic service, a post of High Representative (amalgamated with the functions of Commission Vice-President) and the setting up of European Union delegations in third countries which would replace the European Commission delegations. It is crucial to implement the Treaty ambitiously, so that Europe can speak from a position of authority with a single voice, its pronouncements carrying more weight and coherence for those outside. At the same time it must structure its political, economic, cultural, scientific and commercial activities so that its ongoing external actions demonstrate true coordination instead of the petty rivalries which only serve to weaken the Union's position.

4. **Ensuring the matching of objectives and resources**

4.1 The fact that many Community objectives have been only partially realised can often be traced back to a lack of will in following through on full implementation and a failure to allocate the necessary common resources.

4.1.1 With regard to the relaunch of the internal market, Mario Monti's report [1] contains some very apt proposals with regard to ensuring its full and effective implementation: boosting the SOLVIT network, evaluating the implementation of directives, gaining the involvement of national administrations, national parliaments and civil society, removing the last remaining sticking points in respect of free movement of people. The EESC recommends, therefore, that subsequent to the appropriate consultation being undertaken with the various quarters of civil society, this report be followed by a precise action plan with a timetable for implementation.

4.1.2 Budgetary support from the Union in the appropriate form (budgetary allocations, loans and public/private partnerships, etc.) will be needed to respond to the challenges posed by the Community Method's new areas of application. The key to the ECSC's success in 1951 was the matching of objectives and resources. The Union's current budget (less than 1 % of GDP) falls far short of the level needed to achieve the objectives expected by Europeans in all the sectors where more effective intervention would be required. A regular increase in the budget between 2013 and 2020 towards a target of 2 % of GDP seems a realistic target to which no objection can be raised given the economies of scale and the requirements for the Member States to reduce their public debt. This also means that the principle of making budgetary transfers from national to European level must be understood by governments and set out clearly to their citizens. It would also allow investment and major networks to be financed, it would support the knowledge triangle (education, research, innovation), strengthen cohesion policy and equip the Union with the human and financial resources needed for its external policy.

4.1.3 In order to finance this increase by 2020, the EU will stand in need of both its own resources and improved co-ordination between national and European budgets. Growing public debt after the 2008 financial crisis will make it simple to prove that debt can be brought down more quickly without posing any threat to growth, by pooling resources to finance public spending such as defence, border security, external aid, research and industrial policy, for example. The Member States must demonstrate the political will to undertake this.

4.1.4 Against the backdrop of the financial crisis, an important first step in this direction would have been the establishment of a European Monetary Fund (a sort of European Federal Reserve) which could intervene in and stabilise the euro area and which is equipped to respond collectively to difficulties encountered by any one of its members. It took a plunge in the value of the euro and a worsening of the crisis within one Member State for the euro area members to set up an embryonic fund and to take the decision to intervene collectively rather than bilaterally, whilst nonetheless requesting additional support from the IMF.

4.1.5 It is obvious, therefore, that achieving integration and cohesion objectives would be contingent on improved allocation of European resources to provide greater support for cross-border programmes. At present these receive a mere 1 % of the budget despite their role in strengthening and ensuring the successful operation of the Single Market. The success of the 2020 Strategy depends both on the issue of resources and on the people's effective engagement with its objectives, which is at present lacking.

4.2 A Europe of twenty-seven can no longer operate like the Europe of six. The institutional triangle rightfully accords a position of greater importance to the European Parliament. The institutions and an early deployment of the citizen's right of initiative must make the latter into a democratic instrument of real substance.

4.2.1 The extension of Community competence has gone hand-in-hand with the extension of the codecision procedure between the Parliament and the Council. The successive treaties which have formulated these new rules, however, have paid scant attention to adjusting consultative procedures accordingly. At present, the Commission refers plans to the EESC at the beginning of the codecision procedure whereas this should be done at a much earlier stage.

4.2.2 The EESC would be better able to fulfil its consultative role if referrals were made before the codecision process is set in motion, as soon as the preliminary impact analysis has been drawn up. The notion of the exploratory opinion would then assume its full meaning. The Committee opinion together with the impact analysis could then be appended to the Commission proposal which is to be submitted to the Council and the European Parliament. The EESC rapporteur should also be given a hearing in the relevant European Parliament committee.

4.2.3 Should it wish to withdraw any proposal, especially one which directly involves actors in civil society, the Commission should also ensure that the appropriate consultations take place. The Commission should not have withdrawn its proposal for a European Associations Statute without consultation.

4.2.4 With regard to governance, the Union must be more actively engaged in ensuring respect of the principle of gender equality and allow women the opportunity to participate equally at the core of decision-making and consultation procedures.

4.3 The Lisbon Treaty has once again increased the number of areas in which decisions are taken by a qualified majority vote, making it the default mechanism for a twenty-seven member European Union. Unanimity, however, is still required for certain matters closely connected to Community business such as taxation. Experience shows indubitably that in the areas where unanimity is still the rule, a requirement of this nature can easily result in gridlock. It is thus paradoxical, to say the least, that, in spite of repeated declarations from the European Council, the European Patent, which continues to be subject to unanimity, has yet to be adopted by the Union, despite the latter aiming all the while to be the world's most competitive and dynamic knowledge-based economy.

[1] 'A new strategy for the Single Market – at the service of Europe's economy and society' - Report to the President of the European Commission submitted by Mario Monty on 9 May 2010.

4.3.1 Several precedents, do, however, indicate that the Community Method has sometimes, when necessary, provided the means for circumventing the problem of unanimity. The Social Protocol and the Charter of Fundamental Social Rights of Workers were able to proceed with eleven participating countries, the United Kingdom joining only later. Could we not draw inspiration from such flexibility for other areas where matters are currently at a standstill, such as the Community Patent or the harmonisation of companies' tax bases?

4.3.2 EMU probably furnishes a good instance of successful enhanced cooperation. Beginning with a small number of countries, it remains open to any other countries able to join. But the Eurogroup, even with a European Central Bank which is federal in nature, has as yet not managed to develop a common system of economic governance to match monetary union. Time lost over the last ten years is now a cause for concern. Unless this is gradually clawed back over the course of the next ten years, it will place the cohesion, competitiveness and jobs of the euro area at risk, not to mention the long-term viability of the euro. To remedy this, it is absolutely necessary to review the effectiveness and transparency of the Eurogroup by facilitating regular (and not only crisis) meetings between heads of state or government in the euro area and by inviting other ministers affected by the euro's value such as those responsible for social affairs, industry, etc.

4.4 In a Europe of twenty-seven, the issue of the correct transposition of directives and euro-compatibility of national policies obviously assumes crucial importance. There is little sense in making it easier for directives to be adopted if the Member States balk at implementing them within the set timeframe or gold-plate them.

4.4.1 The Commission should extend the use of its scoreboards for the transposition of directives which are often effective in bringing pressure to bear on those Member States which are dragging their feet. The various components of organised civil society should be consulted in these situations.

4.4.2 Where necessary, Community support mechanisms should be more sharply focused on improving the conditions in which the Member States transpose and apply common regulation and on removing obstacles and sticking points which remain in these areas.

5. **Promoting the involvement of civil society**

5.1 There has been too great a tendency to overlook the aim of European integration, as expressed by Jean Monnet: We are not forming coalitions of states, we are uniting men. In recent consultations held to discuss Europe's future path, the electorate's mistrust has been evident: this must prompt an examination of ways in which the clearly inadequate involvement of civil society can be improved.

5.2 Community rules continue to be drawn up in conditions which are too remote from the people. Their legitimate expectations in terms of freedoms, security and simplification are too often traduced by deadlock and compromises bought too cheaply from Member States and their national administrations. This is why representatives from civil society, in particular users, must be accorded a higher profile in regulatory committees, much in the same way as was done in the SLIM simplification plans, but this time upstream, when the legislation is being framed, rather than downstream, when it has already been adopted and there is a rush to correct the most serious shortcomings experienced by those very users.

5.3 It is likewise vital to grant civil society actors European spaces where they have both the freedom and responsibility to define common rules in which they have an interest, through independent self-regulation or to clarify certain aspects of public regulation in their sectors on the basis of requests from the legislator to draw up coregulations. The contractual independence of the European social partners was enshrined in the Maastricht Treaty at their express request. Although the treaty does not explicitly provide for this, similar ways forward have also come into existence in other areas: technical standardisation, recognition of professional qualifications, service provision, commerce, especially e-commerce, security of delivery and payment, consumer rights, energy and the environment. The Committee has made a survey of these and given them its backing in an information report. A 2003 European interinstitutional agreement provides the procedural framework. Now the European legislator must incorporate free spaces into the regulations promoting these practices, monitoring them and maintaining synergies. This support should likewise extend to alternative forms of dispute settlement, such as conciliation and mediation.

5.4 Unless European citizens are encouraged to consider themselves European and to act accordingly, Europe will be unable to continue making headway. They must be given common tools thus far lacking: clearer economic and social rights, simpler procedures, more independent legal resources, genuine common statutes (i.e. associations, companies, foundations). In the primary instance, it is at local level (individual citizens, associations, locally elected officials) where Europe must be perceived as a necessity, becoming a jointly-held ambition and source of pride.

5.5 A multiannual programme with a precise timetable for the decade from 2010 onwards must be embarked upon so that European citizens themselves may be given the wherewithal to join forces and play a pivotal role: without this, it will be impossible to renew the Community Method.

5.6 With the backing of the European Parliament a prerequisite, the EESC, the CoR and major European organisations of civil society represented in the three Committee groups (Employers, Employees and Various Interests) could envisage launching a wide-ranging consultation on the major subjects of general interest for the next decade which would be likely to benefit from a relaunch of the Community Method, which in reality, would mean new common policies.

Brussels, 21 October 2010.

The President
of the European Economic and Social Committee
Staffan NILSSON