



**Speech by the speaker of the Danish Parliament,
MR. Mogens Lykketoft, at the conference of speakers of European Union Parliaments, Vilnius
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The role of Parliaments in tackling the consequences of the Economic and Financial Crisis

Mr. President, colleagues, ladies and gentlemen

I agreed with the colleague that said at our meeting two years ago that we in Europe in recent years have been more occupied with cuts in welfare programmes than in getting hold of those financial institutions that pushed us over the brink in 2008.

And I think we have agreed on priorities in the common economic policy that has given us strong limitations on efforts to create jobs and growth by stimulating consumption of private and public goods and services inside an economic union, where domestic demand accounts for at least seventy percent of our total GDP.

Even though there are signs of slowly economic recovery in the EU, most Member States are still struggling to recover from the Economic and Financial crisis that began in 2008, and we still have more than 26 million unemployed people across Europe.

Since 2008 many EU Member States have been through harsh austerity measures as governments across the European Union have taken action to eliminate unsustainable budget deficits. But have governments gone too far in cutting public spending....? Has our austerity-led response to the crisis worsened economic stagnation in the Union? Have we in reality seen a crisis with deficit of jobs and deficits on national budgets being overcome without growth? Have we failed to stimulate our internal European economy and to improve Europe's global competitiveness?

As EU Member States fight to recover from the financial crisis, one group remains disproportionately affected by the crisis: young people. With extremely high levels of youth unemployment in many countries, especially in Southern and Eastern Europe, the key question therefore is how to bring more young people into the workforce? In January 2014, 5.6 million under the age of 25 were unemployed in the EU. The highest rates were registered in Greece (59.0 %) and Spain (55 %). There is a risk of losing a whole generation of often well educated young people in a combination of demobilizing long unemployment and emigration to other countries and continents.

Another unfortunate consequence of the Economic and Financial crisis and the harsh austerity policy is the loss of legitimacy and public support for the European project. This is best seen by populist parties rising across Europe with solid electorates in almost all European countries, representing a growing threat for this summer's European Parliament elections. Populists are always there. But in good times it is not easy for them to get votes. In bad times all the easy solutions of populism and nationalism are getting new ears and votes.

But how do we best respond to this challenge?

First and foremost Parliaments must discuss how to move away from a crisis response based solely on austerity . Improving Europe's competitiveness should be improved by investing in better education and a proactive Labour Market Policy. Most importantly we should not engage in a race to the bottom by pressing salaries and clipping the wings of Labour Unions. And we must go into an open discussion about the speed and character of the budget consolidation. That was what was started by the new French government this week, raising concerns about the wisdom of the demand of quick and strict limitation of deficits to 3 pct. of GDP.

Another aspect is, that strengthening democratic legitimacy and accountability of the European Union in the field of Economic and budgetary matters is important.

Euroscepticism is also caused by a blame game. It's far too easy for national MP's and governments to disclaim liability and blame unpopular decisions on the EU.

We have to strengthen national ownership both in formulating and defending EU decisions. We need national politicians to explain and defend the decisions they take at the European level. One way to increase national ownership is to engage and involve national parliaments to a much higher degree.

A key challenge for national parliaments in this regard is the degree of extra control that the Commission and Council have acquired over national budgets through the European Semester and the fiscal compact. Although the European Semester provides EU Member States with better tools for coordinating their budgetary and economic policies, it also enables the Council and the Commission to examine national draft budgets even before they are passed in national Parliaments. This touches upon the very heart of national parliamentary democracy.

Despite the European Council's recent call for close involvement of national Parliaments and the European Parliament in discussions about new joint fiscal and economic decision-making, there is still a worrying lack of concrete proposals as to how national Parliaments' role can actually be strengthened.

National parliamentarians must therefore take ownership of this challenge and contribute to finding adequate solutions. To this end the European Affairs Committee of the Danish Parliament in January presented a paper laying down 23 proposals with the aim of giving parliaments a stronger say in European decision-making.

Let me just mention a few of these ideas.

One proposal would be that national parliaments established a so-called "National Semester" in parallel to the European Semester. This National Semester should strengthen the scrutiny of governments within the framework of the European Semester. The Danish Parliament put such a system in place in June 2013. The system provides us with the possibility to cross-examine Government Ministers before they submit Denmark's input to the European Semester at three important points in time:

- 1) Before the European Commission launches its Annual Growth Survey,
- 2) Before the Government submits the National Reform Program and Convergence Program to the Commission, and
- 3) Before the Council's deliberations on the Country Specific Recommendations.

The political dialogue with the European Commission should also be stepped up to allow national parliaments to present their opinions and national concerns directly to the European Commission in the context of the European Semester. European Commissioners could appear before national Parliamentary committees to sort out any questions national parliaments might have on for instance the Commission's Annual Growth Survey or the Commission's Country-Specific Recommendations.

Finally national parliaments should cooperate more closely with the European Parliament in the field of economic, financial and budgetary matters. The European Parliament has become a fully fledged European legislator with a tremendous amount of expertise in this field. Committees of national parliaments could benefit from this expertise by inviting the European Parliament's rapporteurs to appear before national parliamentary Committees.

Despite claims from populist parties across the European Union there are no shortcuts to bringing Europe back on track towards economic recovery.

Looking back I think it is fair to say that the European Union has delivered a determined response to the crisis mobilising more than 700 billion euro to save crisis-struck countries. But as I said earlier we must move away from a crisis response based solely on austerity . Improving Europe's competitiveness should be improved by investing in better education and a proactive Labour Market Policy.

Only in this way we can bring hope to the more than 26 million unemployed people across Europe.

Finally we need a democratic framework that matches the European Union's increased role and powers regarding economic governance. This requires a stronger and more proactive say for national parliaments and the European Parliament in the future Economic Governance of Europe.

Thank you for the floor.