

## **The cities and regions are the third dimension of the European Union**

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### **Introduction**

Until the end of the last century, the Union represented the hope of a better life and the construction of Europe seemed to be irreversible. Although Brexit showed us how difficult and counterproductive it can be to leave the Union, it is a fact that the Union of 28 has become the Union of 27. For the time being, Brexit alone was not capable of producing the electroshock needed to reawaken the European project. The disappointing but predictable failure of the first phase of the budgetary negotiations in February reminded us to what extent the European project is still largely the sum of all the contradictions of national interests and therefore unable to agree on more than the lowest common denominator.

The new crisis with Turkey will unfortunately, jeopardize not only European solidarity but also the respect of values on which we are founded and which should continue to guide our action. Faced with the arrival of the coronavirus in Europe, our unity is once again challenged. We will be immediately confronted with the usual worrying rhetoric about the limits of free movement and the control of our borders. In the face of these frailties and fears, can we really speak of a Union?

I will not come up with a miracle solution to relaunch the construction of Europe. However, I would like to remind you an obvious fact. This obvious fact is that the state of our Union is above all the state of its cities and regions. By thinking this thought through to the end, there will be a paradigm shift.

### **The state of the Union is above all the state of its cities and regions.**

In the course of his term of office Jean-Claude Juncker made a number of outstanding speeches on the state of the Union. However, he never mentioned the fundamental importance of the local and regional level in European integration. This is why we, at the Committee of the Regions, decided in 2017 to have our own annual state of the Union review as seen by cities and regions.

For many of Europe's leaders, the EU still means the Member States. But the cities and regions are where Europeans live. They are what Europe is made of. Citizens often identify much more with them than with their state. They are immensely varied in their cultures, histories, and socio-economic environments and conditions. They cover and link the whole of Europe. Some even cross a number of countries, such as the macroregions of the Danube, the Baltic Sea, the Adriatic and Ionian region or the Alps. The same applies to cross-border micro-regions, such as the Euregio Meuse-Rhine with the province of Limburg, where we are now. Our citizens cross these territories on a daily basis. More than a third live and work in border regions without seeing any tangible borders. This tells us how important cross-border cooperation is, making a far greater contribution to the European project than the very small budget it receives. By forging links between them, the regions are building the social, economic and cultural links that unite Europeans.

However, local and regional politicians are also EU politicians. They implement the majority of European legislation. They build, co-finance and manage European projects with the support of their administrations. Depending on how their countries are organised internally, they are sometimes involved in drawing up National Reform Programmes and Stability or Convergence Programmes in the framework of the European Semester. They debate on Europe in their assemblies and with their fellow citizens. They also have representations to the European institutions. It worth it to be mentioned that there are around 300 regional representations located in Brussels.

The commitment of local and regional politicians is rewarded by the level of trust people have in their authorities, which is higher than that in Europe and the Member States. This means that our cities and regions are an element of trust in a Union sometimes marked by doubt.

### **The need for a Copernican revolution**

There is a need for a real Copernican revolution to get a million elected politicians better involved in European integration. It is essential for the future of the Union to involve them more in European decision-making.

In her first speech to the European Parliament, in 2019, President von der Leyen spoke an obvious truth: "Our Union's democratic system is unique, bringing together directly elected parliamentarians at local, regional, national and European levels with elected Heads of State or

Government."<sup>1</sup> This is a good start to meeting her objective of giving fresh impetus to European democracy.

As I often say, European democracy means 705 MEPs and 10 000 national parliamentarians. However, it also means the million local and regional elected representatives. This is what I call the third dimension of European democracy. It is the dimension that enables the Member States to bring the Union closer to the citizens, to keep the promise of peace and to achieve the economic and social ambitions enshrined in the Treaties. The added value of European action can best be judged on the ground. This evaluation role is truly the "core business" of the European Committee of the Regions.

It's unfortunate that, in practice, our European democracy attaches so little importance to the largest number of elected representatives. Can we bring the EU closer to its citizens while continuing to overlook them? No. And it's not just us who say it. As proof, I refer to the Commission Communication on subsidiarity from October 2018, which states that greater efforts are needed to ensure that the experience and views of local and regional authorities and regional assemblies are captured better in the policy-making process.<sup>2</sup> This also applies to implementing these policies on the ground and planning ahead.

But has the mindset of the European Council changed? At best, 2019's Sibiu Strategic Agenda stated that: "The talents of regional and local actors should be harnessed for the benefit of the overall effort." That is much too vague.

Long ago, before Copernicus, the people running the world thought that the sun revolved around them. Nowadays, Member States still too often think they are the centre of the Union. It's time for a Copernicus-inspired revolution to inject more common sense into European working methods.

How? I suggest three fundamental principles that should govern the Union's working methods: An active subsidiarity, a multilevel governance and a permanent dialogue.

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<sup>1</sup> "A Union that strives for more: My agenda for Europe" by president-designate of the European Commission, Ursula von der Leyen, 2019.

<sup>2</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, The principles of subsidiarity and proportionality: Strengthening their role in the EU's policymaking, 23.10.2018.

### **Three principles for an inclusive Union**

1. The first is "active subsidiarity": including cities and regions in the Union's decision-making.

The debate on "more" or "less" Europe is not over and has even become more heightened. Europeans will not see their future improved by power struggles between the Union, the Member States and the cities and regions. The issue at stake now is not so much focusing on a new division of powers as cutting back the overly growth of EU legislation and reducing the density of the regulations.

We also need to invent new ways to share sovereignty, such as the mechanism proposed by the Luxembourg Presidency in 2015 to enable the law of one Member State to be applied locally in a neighbouring Member State.

Without Europe's regions and cities, any effort to produce legislation that brings real benefits to the people cannot be complete. The need for a new bottom-up approach to decision-making at European level was one of the priorities of 2018's Task force on subsidiarity, in which I represented the Committee of the Regions together with two other colleagues. Its value has been recognised by institutional, national and subnational actors across Europe and served as the basis for a communication from the Commission in autumn 2018.

The European Committee of the Regions strongly promotes active subsidiarity, stressing the importance of engaging national, local and regional authorities at each phase of the EU decision-making process. To achieve this, the European Committee of the Regions launched two pilot projects during my mandate. The first concerns the implementation phase of European legislation on the ground. That is the "Regional Hubs" project: a platform for consulting local and regional actors to gather their experiences in implementing EU policies. This project has produced various reports on the implementation of legislation on public procurement and on air quality. A third report is in preparation on health services in cross-border regions.

The other project was launched in collaboration with the CALRE in November 2019 during the 9<sup>th</sup> subsidiarity summit in Rome. The aim is to enable regional parliaments to be more directly involved with the preparation of the European Commission's annual work programme during the pre-legislative phase. The collaborating regional parliaments will organize political debates with their elected representatives in order to record their concerns, points of view and recommendations.

2. The second principle is multilevel governance: the collaboration between all levels in the interests of the Union's future.

The coordination of efforts undertaken at European, national, regional and local levels is of paramount importance in enabling the Union to achieve its objectives. This also means that, while fully respecting national systems, there has to be greater decentralisation and a better distribution of powers. All levels of government need to be involved – from the moment policies are being conceived to the moment they are adopted – in order to boost a sense of legitimacy, ownership and proximity.

A few years ago, in 2014, the European Committee of the Regions has published a Charter for Multilevel Governance in Europe to encourage local and regional authorities across the continent to become full-fledged partners in EU policy-making. But I'm going to be more specific. In order to include local and regional elected representatives in the European decision-making process, I have put forward a simple proposal for debate: to involve them in the trilogue. The EU decision making system resembles a Bermuda triangle, where – in the last step of the decision making process - proposals often disappear or are transformed outside any control of the principle of subsidiarity. This is why I had proposed to the European Parliament to invite the rapporteurs of the European Committee of the Regions to find out about the state of progress of the budgetary negotiations. This is a first small step but it is essential.

3. The third principle is permanent dialogue to shape the future of the Union together with our citizens.

Over the last few years, the Committee of the Regions has been organising – as it has also been done by the Commission and the Member States - Citizens' Dialogues to take the European Union closer to the grassroots and to bring the voice of the people to the European institutions. Together with the European Economic and Social Committee, we were - in December 2018 - the first to come up with concrete proposals for a permanent mechanism of dialogues and consultations with citizens. Consulting the people is not something you can restrict to just the run-up to elections.

These citizens' dialogues and consultations need to feed into the EU policymaking cycle on a regular basis and complement the EU's representative decision-making structure. In order to reach out to those people who are often ignored or are not interested in how decisions are taken,

we need to have support from experts and a methodology laid down for choosing participants at random, as well as real follow-up of the recommendations coming out of the dialogues. Putting such a mechanism in place requires the collaboration of all EU institutions and Member States, as well as the involvement of local and regional authorities and the civil society.

On the subject of dialogues, I would like to say that it is not a question of putting people in a room and giving them a monologue as I am doing here today. We need organisational criteria, in particular a selection of the participants by using a random draw, the link between the topics addressed and the skills, and a feedback mechanism. If we limit ourselves to a communication exercise, it is lost in advance.

### **The Conference on the Future of Europe: an opportunity that cannot be just a PR exercise**

The Conference on the Future of Europe should be an excellent opportunity to put these new working methods in place. However, I see a danger that it will end up being just another PR exercise of the kind we have already seen too many of.

Let me be clear: The conference is not just about citizens' dialogues. It must discuss institutional issues in depth and remain open to the possibility of a Treaty change. It's an opportunity to find ways to make our EU work better and make it more democratic, which isn't limited to the issue of the Spitzenkandidat. And representatives of cities and regions must be correctly involved in the conference if we are to come up with a new way of working.

The conference is also a perfect opportunity to clarify the fundamental direction of the EU and, if necessary, to redefine it. Obama rightly described the EU as one of the greatest success stories of the second half of the 20th century that brought peace and prosperity to Europeans. The EU was even awarded the Nobel Peace Prize! Nevertheless, we are experiencing increasing scepticism about Europe and a rebirth of nationalism in many places. More and more people no longer recognize the EU as a hope for an improvement of their standard of living, but as a threat. There are many reasons for this, which I cannot explain in detail here due to time constraints. However, there is no desirable alternative to continue and deepen the EU. None of the major challenges at the beginning of the third decade of the 21st century can be tackled by a Member State alone.

Reducing the existing imbalances and deficits is still an urgent matter that everyone must work on together. This is not only about political and fiscal challenges, but also and not least about

values. Ultimately, it is important that people experience EU action as real added value. As an economic and social added value in the sense of the sustainable improvement of their living conditions, as an intellectual added value and last but not least as an emotional added value. All of this must take into account the regional diversity of Europe and must be reflected in it.

I would like to end my lecture by addressing two issues that are of particular importance from the point of view of local and regional authorities: the financial perspective and the European social pillar.

### **Scope for investment: Flexibility and capacity to meet new challenges**

The level of public investment in the EU is still too low to deliver good-quality public infrastructures and services for all, and it has continued to fall since the 2008 financial crisis. Total public investment accounted for 3.7% of GDP in 2009 and 2.9% in 2018 (-22 %), while the sub-national investment rate was 2% in 2009 and 1.5% in 2018 (-25%).

The EU budget must support investment and this is why the Committee has campaigned with the European Parliament to ensure that the next Multiannual Financial Framework accounts for at least 1.3% of the EU-27's gross national income. Cohesion policy should represent a third of this budget. We saw, during the let-down of the February European Council, that unfortunately not all Member States share this view. I hope that the time remaining for a new MFF Council will allow us to move in the right direction and be ambitious again. We will never have a better Europe with less budget and less cohesion policy.

Let us not forget what the European budget represents. It embodies only a small part of total public expenditure in the Union, equivalent to about 1% of the combined income generated in the EU and only about 2% of public expenditure in the Union. In other words, every citizen enjoys the considerable benefits of the Union for less than the price of a cup of coffee a day. And some countries are still debating for an additional reduction of the MFF!

Events such as Brexit, prove us that Euroscepticism is no longer just talk. By abandoning a budgetary policy that is inclusive and in tune with the needs of our citizens, we are giving political space to those who doubt a European project of solidarity. If these considerations are not acknowledged by the Member States, our regions and cities will be the main victims. Consequently, the EU risks drifting away from its citizens.

We share the same belief as the President of the European Commission, on the need of a Green Deal for Europe. The digitalisation of European business and society represents an enormous potential for the transition phase towards climate neutrality in 2050. However, this success depends on many factors that should not be overlooked. Here again, cohesion policy should not be excluded. The Council must avoid the transfer of cohesion funds to the new just transition fund program.

Cohesion policy makes an essential solidarity-based contribution to consolidating the European Union and is the necessary counterpart to internal market rules. Its future and Europe's future are interlinked. Cohesion is not a policy of the past. Cohesion is a policy for the future, designed to tackle the great challenges of our time through a partnership approach, while also meeting day-to-day demands.

However, investment is not just a question of the EU budget. More than anything, it is a question of Europe's fiscal rules. Let me say quite clearly: we need to adapt the Stability and Growth Pact and allow more room to support public investment. Public co-financing of Union programmes should be excluded from the debt calculations under the Stability and Growth Pact and we have to adopt a "golden rule" at Union level that distinguishes between long-term investment and current expenditure. In this approach, a maximum of synergies between all chapters of the EU budget and the greatest possible leverage between European, national and private investments are highly important.

As local elected representatives, we reiterate the fact that, when combined with a sound budget, accessible financial instruments, fair accounting rules and sufficient flexibility in implementing the Stability and Growth Pact, public investment is not a danger, but an absolute necessity.

### **The Social Pillar**

Finally, I would like to refer to something that guides all my political work. I am convinced that also the European Union needs a real and strong social pillar. A stronger EU social dimension can only be delivered in close partnership with Europe's cities and regions, given their competences in matters that affect daily life, such as childcare, care for the elderly and people with disabilities, education, health, social services and employment.

Today, the social dimension and especially the services of general interest remain the exception alongside the "hard law" of competition and state aid law and the Stability and Growth Pact.

But if you are always the odd one out, you have lost before you even start. This is why a social progress protocol has to be included in the EU Treaties, putting social rights on a par with economic rights and bringing social targets of a binding nature into EU primary legislation. The January Commission communication on a strong social Europe shows the right way to build a Social Union and to transform the social pillar into reality.

The EU not only needs a common currency, it also needs greater harmonization of tax and social policies. If one is realized without the other, there will be terrible disruptions that are ultimately directed against the population. These disruptions may cause the European project to fail.

### **Conclusion**

It is high time to consider cities and regions as key players in Europe. I am convinced that they are the future of our Union. Europe can only succeed if every citizen as well as every local or regional responsible person is convinced that Europe does not only take place in Brussels, Strasbourg or Luxembourg, but mainly where people live: in their villages, cities and regions!