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2013-2015: HOW TO CREATE THE EUROPEAN FEDERATION?

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The way things stand

The financial and sovereign debt crisis has once again underlined the utter inadequacy not only of today's Europe, but also of the single European states (including the richer and more influential ones). Indeed, they are incapable of tackling, on their own, the current challenges in the economic and financial spheres as well as in the fields of foreign and security policy, energy and trade. All this has prompted many of the national governments (including those of France, Germany and Italy), the leaders of the main European institutions, and the leaders of various political parties, not merely to reopen the debate on the meaning and objectives of the creation of the single currency and the need to go further down the route of differentiated integration between the EU member states (a question already examined in depth both before and immediately after the ratification of the Maastricht Treaty), but also to seek to re-establish the link between economic and monetary union and the future of Europe. There will be no further advancement of European integration without the creation, in the short term, of the political union crucially needed for governing the single currency among the countries that, in adopting the euro, relinquished their sovereignty in the monetary and financial spheres and, indirectly, part of their economic and budgetary powers.

Any project for political union must today take into consideration four facts concerning the situation in Europe:

- the euro, for some considerable time to come, will not be the currency of all the EU member states (indeed, some of them will retain their own currencies indefinitely);
- any economic and fiscal rebalancing mechanism already in place or still to be established within the eurozone (and this also applies to initiatives to promote growth and development) must necessarily be based on a budget that is credible in terms of size and accessibility, separate from the EU budget, and supported by a real, albeit initially limited independent power of taxation. Put simply, the EU budget is a confederal-type budget, more like the requisition system in force in the USA before the Philadelphia Convention than an instrument capable of guaranteeing Europe income and employment stability;
- a government responsible for the single currency would have to be democratically legitimated by the presence of a European power of legislation and control that could only be exercised through differentiation of the European Parliament acting in restricted composition;
 - it will be possible to advance in this direction only if, on the one hand, the eurozone countries are prepared to enter into a pre-constitutional pact (a pact containing an undertaking to move, according to a definite timetable, from a provisional and intergovernmental government to a federal government responsible for the single currency and for the eurozone

economy and taxation, democratically controlled by the eurozone MEPs) and, on the other, provision is made for a constituent convention bringing together the national parliaments, the European Parliament and the Commission, precisely because it would be unthinkable to conceive of making the transition to political union without involving the citizens and their representatives. This would therefore be an ad hoc convention with a specific mandate to draft a reform of eurozone governance that must provide for the creation of a fiscal power and for the control of that power by the European Parliament acting in restricted composition and equipped with greater powers (a fact that would, in itself, imply an overcoming of the "conventional" method laid down by the Lisbon Treaty).

How can Europe be built today?

With the introduction of the direct election of the European Parliament and of the single currency, the first seeds of supranational representative democracy and an element of continental monetary power were planted in the European system. However, no federal state has yet been created; furthermore, the Community framework is no longer the framework in which it is feasible to start the process of creating one.

It is possible to identify, in the battle for Europe that faces us today, various strategic lines: the role of the crisis as an opportunity and driving force vis-à-vis the possible federal leap forwards, the clear outlining of the framework in which this leap might be made, and the instruments through which to make it. As regards the crisis and the framework of reference within which progress is possible – namely the eurozone –, there is little to add to what we have said and discussed on other occasions. As regards the federal leap, on the other hand, it is worth advancing some further considerations. Even though people do not always dare to use the proper term, it is clear that whenever one talks of political union, one is implicitly thinking of a federation. Were this not the case, it would make no sense to speak of the need to transfer national sovereignty.

On what basis might, and should, this leap forwards be made? And what would achieving it mean, politically?

Of course we already know the answer to these questions, and indeed take them as read, and this is perhaps precisely why we fail to pay sufficient heed to their strategic importance: the leap will depend on the establishment of a direct link between the citizens and a supranational system of self-government. This is the basis of the qualitative difference between a confederation and a federation. As Hamilton explains in *The Federalist* n. 15, "The great and radical vice in the construction of the existing Confederation is in the principle of legislation for states or governments, in their corporate or collective capacities, and as contradistinguished from the individuals of which they consist. ...we must resolve to incorporate into our plan those ingredients which may be considered as forming the characteristic difference between a league and a government; we must extend the authority of the Union to the persons of the citizens – the only proper objects of government" (<http://www.foundingfathers.info/federalistpapers/fed15.htm>). This, fundamentally, was the difference between the United States of America before and after the Philadelphia Convention.

Today, this leap is possible through the conferral of a power of taxation linked to an independent budget for eurozone (with all that this should imply in terms of democratic control and government). However, it is impossible to predict exactly how, and how quickly, this will lead to the creation of a true federal state and the way in which the relations between the initial federal core and the broader European Union might evolve. This is the perspective from which we should be interpreting and seeking to exploit the contradictions that have emerged regarding the role and the functioning of the European Parliament and the single currency. It is by working

towards the creation of a direct link between citizens and government in the ambit of taxation and budgetary control that we need to encourage the development of a real political will, still largely lacking, to build Europe; and to try and reintroduce (into a framework destined otherwise to remain static, beyond reform, and definitively confined to a confederal dimension) the revolutionary option of creating a federal union. The battle for the creation of a eurozone budget is, today, the means of introducing this revolutionary alternative into the political equilibrium. However, it is necessary to be aware that, as some governments (e.g. the French one) have admitted, albeit not yet seeming set on immediate creation of the federation, there is very little time left in which to do this: basically, the next two/three years, in other words, the period leading up to the renewal of the present French and German governments.

If all this is true, how exactly should federalist action seek to influence the forces in the field?

As things currently stand, the governments, the national and European institutions, and the political families, have four possible options for pursuing the necessary consolidation of economic and monetary union: to do as much as is possible without modifying the Treaties; to profoundly modify the Treaties with the agreement of all 28 member states; to make ad hoc changes, avoiding national referendums and 28-member agreements; to trust that the UK will favour the birth of a federation within the framework of the eurozone, and not attempt to sabotage the initiative from within the EU institutions.

The first of these options, namely to postpone any decisions, would not be sustainable for long, precisely because of the fragility of the current system of governance of the euro and the European economy; the last option, on the other hand, would amount to waiting on the UK's decisions between 2015 and 2017. Of the remaining options, only the third of those listed really seems feasible in the short term, given that no one considers it possible within the 28-member system to profoundly modify the current Treaties in order to create a federal government responsible for monetary policy. It is therefore no coincidence that the lines along which the leading government figures and the leaders of the main political parties in both France and Germany are moving are those of the third of the four options listed (Germany believes the long-term future of the single currency rests with France, Financial times, 1/11/13; Quand Pierre Moscovici tente de faire vivre l'idée d'un budget de la zone euro, Le Monde 24/10/13; Merkel Wants to Reform EU With More Powers For Brussels, Spiegel online, 21/10/13).

They are also the lines along which we, too, should continue to move, tirelessly challenging and urging the governments and politicians to go down the federal union route and to stop deluding themselves, in a world whose challenges have become global, that they can afford to waste time trying to build a union or unions that, being always and only the fruit of intergovernmental agreements and failing to establish a direct relationship between the citizens and a federal union, are actually potential disunions.

For this reason, the MFE has launched [an action involving the collection of signatures supporting a short text addressed to the Italian president Giorgio Napolitano and the Italian prime minister Enrico Letta](#): in October, a total of 4700 signatures of citizens, local government officials and intellectuals were collected in around 30 Italian towns and cities. This action will continue over the coming weeks and months (with the submission, in mid-December and mid-March, of further signatures). Next spring there will be a *National Convention for the European Federation*, which will see the participation of politicians and representatives of civil society. It is very important that similar actions be organised in other national sections of the UEF and it would also be very useful to organise, in all the countries in which the UEF is active, a special week of action for the European federation, to coincide with the start of the European election campaigns.