



Presentation given by Secretary-General of the MFE, Franco Spoltore, at the MFE National Executive Bureau

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## **PREPARING FOR ACTION IN THE NEW EUROPEAN LEGISLATURE AND IN ANTICIPATION OF THE ITALIAN SEMESTER\***

### **The forces in favour of Europe are still in the majority, but they have no time left to lose**

The results of the European elections confirmed the growth of anti-European and pro-nationalist movements in different EU member states. They revealed the existence of a sovereignist hard core in France and a strengthening, in the UK, of an anti-European movement that topped the polls in that country. Yet the forces saying they want to keep Europe are still very much in the majority in the European Parliament, as well as in the public opinion and governments of the main eurozone countries, such as Germany, Italy, Greece and even France. The problem is that these forces, if they are to be credible, now need to declare how and within what deadline they want to create a unified Europe, finally resolving the paradoxical situation of having created a currency without the indispensable framework of a political union. Because the reality is that either this European legislature succeeds in creating the institutions needed to govern the euro and promote economic policies able to foster development and create employment, or the forces pushing the Union towards disintegration will become unstoppable and uncontrollable. This fact, evoked in the draft programme for Italy's six-month presidency of the EU, has also been raised in recent days in the context of the European Council meeting and the discussions between the leaders of the main political groups over choice of president of the European Commission. The best starting point, however, is the Italian government's draft programme as this document reveals a clear awareness – shared, on other occasions, also by representatives of the German government – that:

- a) no advances are possible without institutional reform, not even through recourse, on the initiative of the Italians and Germans, to a new ad hoc Treaty;
- b) the time has come to involve representatives of the European citizens in a new European constituent phase, by convening a convention (even though it remains to be established how this should be done and on the basis of what mandate);
- c) the discussions under way between the national governments and the European institutions on the form and content of the proposed *partnerships for growth, jobs and competitiveness* will be the first test of the will to set the eurozone on a new economic course, combining national reforms with European incentives.

The MFE's federalist demands and the pressure it has been applying on Europe's politicians for some time now (since its Milan congress) revolve around these very same points, which also formed the basis of its *Campaign for the European Federation*. This campaign, launched last October ahead of the European elections and in anticipation of Italy's imminent presidency of the EU, was characterised by a widespread action that spread to over sixty Italian cities, involved dozens of initiatives, and saw



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the participation of thousands of citizens. Commitment to these points was also subsequently expressed by the JEF and the UEF. Thus, for the first time, we saw Europe's federalists mounting a common European action during an election campaign, using the same slogans and tools to call for European federation and highlight the need to resolve the issue of the democratic governance of the euro. Moreover, this action targeted candidates/leading figures from all the main political groupings and managed to secure commitment to a federalist declaration (in its European and/or Italian version) from around 250 of them (around seventy of whom were subsequently elected). This is no mean feat, given the electoral climate that emerged.

Not even at the time of the campaigns to obtain the direct election of the European Parliament and the single currency was federalist action on the strategic points crucial to Europe's future able to count on such broad consensus on the part of the JEF and the UEF. What we need to do now, fully aware of the urgency of the federalists' demands, which are the fruit of a convergence of analyses within the movement and have become part of European debate, is cultivate this consensus and translate it into actions. Let us briefly recall these demands, summed up in the text of the MFE's latest action-postcard, not least to remind ourselves of the extent to which, while still lacking solutions, they have penetrated the awareness of Europe's parliaments and governments, and now feature, as problems to be addressed, on their agendas:

“with the aim of establishing a government of the eurozone by 2015, the citizens demand:

- the creation of an autonomous budget for the eurozone to be financed with own resources (like the tax on financial transactions and the carbon tax and the issuing of eurobonds) and adopted and monitored by the eurozone MEPs;
- the signing, by the eurozone countries, of a “pre-constitutional” agreement (also open to other countries wishing to participate) in which they will undertake to create a democratic, federal government that will be responsible for currency, taxation and the economy of the economic and monetary union;
- the convening of a conference of European and national parliamentarians, to start discussions on the reform of the European institutions;
- the convening, after the European elections, of a European constituent assembly with a mandate to draw up a federal constitution and lay down rules to regulate the relations between the eurozone countries and the rest of the EU.”

In the wake of the crisis, no other political organisation (Italian or European), outside the framework of organised federalism, has succeeded in identifying so clearly and so rapidly the obstacles needing to be overcome in order to consolidate the monetary union through the creation of a political union. Most have merely adopted pessimistic stances, resorting to populism and demagoguery to exploit the difficult situation in the hope of getting rid of the euro, or hung onto the optimism of those who still have too much faith in the idea that European integration will be easy. The MFE, once again, has



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shown that it is more capable than everyone else of producing an accurate analysis of the facts and proposing solutions. For us, this is a far from insignificant consideration: after all, it is precisely our ability to be more right that, over time and ultimately, is the foundation of the credibility and power we are able to win both in public opinion and among politicians.

The thing that once again emerged clearly in Italy, as confirmed by the various public discussions with candidates and parties, was the considerable importance of the federalist presence in the electoral campaign as a means of linking problems of growth and development with political and institutional issues (through the use of instruments like the UEF Manifesto, the postcard and the Declaration of Commitment, all of which this time had European value). On an organisational level, the work done by the movement's militants and sections in the past year has been truly remarkable. Recently, in response to a request from the UEF secretariat, we tried to quantify the movement's recent activities by copying and pasting, into a separate file, all those mentioned in past six-seven months on the MFE's Facebook page. The resulting list ran to several dozen pages.

The end of the European elections marks the start of a new phase of action, which will inevitably unfold along two converging lines:

- the first line of action will target the Italian government and Italian politicians, to ensure that they channel the aspirations and hopes of those who want to change Europe, and specifically the governance the eurozone and its economy which is the current priority, in a federal direction;
- the second will aim to ensure the development, within the European Parliament, of an initiative to resolve the democratic legitimacy issue.

### **Italy's task: to direct European change towards the federal solution**

Today, we are faced with not only the need but also a real opportunity to take decisive steps towards the realisation of European federation. Europe's federalists, both in Italy and across Europe, must use all the means at their disposal to get this message across within the parties, in public opinion and in the media. For our part, we can and must continue to do this through our *Campaign for the European Federation*. Most of the eurozone governments are not yet in favour of taking the road towards federal union. But the economic crisis and the consequences it has had, both on a social level and as regards the functioning of the European Union and the relationships within and between its member states, have laid the foundations and created the conditions for new advances. It is worth remembering that Schuman and Adenauer, in 1951, considered it unthinkable to link the formation of a European army to the construction of a political community, but ended up accepting the idea thanks to the dogged insistence of De Gasperi and the federalists. Similarly, it is worth pointing out that the drive to obtain direct elections of the European Parliament stemmed from Italy (specifically from the MFE); and that it was the insistence of the Italian government, urged on by the MFE, that proved crucial in the decision to create the single currency, when other governments wanted limit themselves to establishing a parallel currency.



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What is the state of play today? In answer to this question we can make three considerations:

1. It has now become essential to establish when and how to consolidate the monetary union through the creation of a political union. Unless Italy's main political leaders adopt a decisive and unequivocal stance on this issue, it will be impossible for Italy to influence the position of the other European governments, first and foremost the French and German ones: the French government has declared that it is ready to support the idea of a eurozone budget, but it is rather resistant to institutional change, while the German government would like to see the European institutions evolving in a federal direction, but is unwilling to pool its resources. Put bluntly, the absence of progress on this front will deprive the Renzi government of the conditions it needs in order to maintain the broad consensus it has won and translate it into the power to get things done.

2. It is now crucial, if there is to be any real chance of making progress on the European front, to move from the phase that saw the institutionalisation of the stability mechanism (necessary in order to save the euro and restore confidence among the member states) to one that will see the institutionalisation of a solidarity mechanism linked to the launch of the *partnerships for growth, jobs and competitiveness*, which are indispensable for promoting reforms in the different countries and thus for stimulating growth and employment. We know that decisions in this regard are due to be taken at European level in October. And the challenges that they must inevitably address are of three different types:

– historical, because a future of progress will become inconceivable if the EU is allowed to remain for much longer in the pre-federal stage in so many crucial fields, given the risk that, in the meantime, the growing divergences between and within the member countries could become unsustainable politically, socially and economically;

– political, because it is necessary to go beyond inefficient and highly unstable intergovernmental and national solutions;

– democratic, because today's global challenges demand that democracy be given a supranational dimension, ensuring the involvement of members of the national parliaments and of MEPs, as representatives of the European people, in Europe's political revival.

3. The creation of the solidarity mechanism and of the *partnerships for growth, jobs and competitiveness* is the area in which, over the next few years, Italy's political class will win or lose its credibility and its capacity to act at national and European level. The strength of the position adopted by Italy and by its representatives in the different institutions, and the capacity of this position to build consensus around an evolutionary line, will depend on the extent to which it gives concrete expression to the will to ensure that the creation of this mechanism and these partnerships is subject to supranational constraints and linked to supranational institutions and to resources that are, as far as possible, supranational, and that it is achieved within a certain deadline. This means expressing support, openly and without delay, for the creation of an additional fiscal capacity for the eurozone and a separate budget for the eurozone that will be democratically controlled by the European Parliament operating in a differentiated manner. If, instead, Italy merely attempts to exploit the solidarity mechanism debate to



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negotiate, as ends in themselves, different and less binding agreements regarding the objectives of the national budgets, then its position will be a weak one that offers no way out.

In the immediate future, the struggle over the European solidarity mechanism question and over the need to resolve the problem of ensuring supranational democratic control over economic and fiscal policies, in the manner set out briefly above, may come to resemble certain battles fought within, and from, Italy in the past. As long as:

- a) those in a position to lead this battle – the leaders of the national and European institutions and political forces – shoulder responsibility for doing so;
- b) the MFE continues to put pressure on Italy's politicians in relation to the above issues.

### **The task of the European Parliament: to give this legislature constituent value**

Laying the foundations for transforming the economic and monetary union into a federal political union means, for the governments, accepting the need to establish a pre-constitutional agreement between the eurozone countries so that the eurozone can be given additional fiscal capacity and a separate budget. But to ensure that the government of the euro and of the future economic and fiscal policies linked to it is controlled through the representatives of the citizens of countries adopting the euro, and does not remain at intergovernmental level – that is at the level of more or less voluntary cooperation between the member states –, it is necessary to resolve to the problem of how the European Parliament should function in a framework of differentiated integration. It would, in fact, go against all democratic logic to extend the scope of the European Parliament's legislative intervention and participation in decision-making on fiscal, budgetary and economic policies to matters relating to the government of the euro, without first establishing differentiated operating and voting rules (along the lines of what already happens within the European Council, where countries that have secured certain opt-outs from EU policies do not vote when it comes to deciding on these policies). This is far from a theoretical problem. Indeed, when the current European Parliament is called upon to vote on issues that require its involvement, about 30-35% of its members will, even in the wake of the new Treaties, continue to have the right to vote despite coming from countries that have not adopted the euro or that have ruled out its adoption (see Nicolai von Ondarza, *Strengthening the Core or Splitting Europe?*, SWP Research Paper, March 2013). What kind of Parliament can accept as democratic votes on monetary and economic issues in which more than a third of those voting are parliamentarians representing the citizens of areas or regions that use a different currency?

Interestingly, this is actually a problem that has already been addressed in the context of British culture and parliamentary tradition. We can cite two circumstances that are emblematic in this regard: first, the debate triggered in the early twentieth century by Lionel Curtis (*The Problem of the Commonwealth*, 1915) on the possible transformation of the British Empire into a federation (the idea was that the proposed federation would have its own Commonwealth Parliament and would operate according to a variable geometry in such a way that only the members of the British Parliament would partic-



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ipate in decisions to be taken by the British government, while all the parliamentarians would participate in decisions of interest to the Commonwealth as a whole); and second, the fact that provision is already made for British Parliament to work as a “Committee of the Whole” (embracing all members and deciding on common issues) or as “Grand Committees” (made up of members of specific regional groupings of MPs).

### *The terms of the problem*

The question of democratic legitimacy, particularly that of the European Parliament, has been raised by Germany’s Federal Constitutional Court on a number of occasions in the past twenty years. For Europe, it is an unavoidable and essential issue; the European and national institutions and political parties need to find an answer to the basic problem raised by the judges of the Federal Court in Karlsruhe when it ruled in favour of Germany’s ratification of the Maastricht Treaty (1992). In that ruling it was stated that, as long as the EU retained the characteristics of a compound of states (*Staatenverbund*), its legitimation would continue to rest primarily with the national peoples through their respective parliaments, to which however it might have been better to add: to an extent that shall increase in proportion to the deepening of the level of interdependence between the European nations. According to the German Constitutional Court, the Federal Republic of Germany, like the other countries that ratified the Maastricht Treaty, were not subjecting themselves “to an uncontrollable, unforeseeable process which [would] lead inexorably towards monetary union”.<sup>1</sup> They were implicitly recognising that the Treaty paved “the way for gradual further integration” and that *every further step along this way [was] dependent either upon conditions being fulfilled by the parliament which can already be foreseen, or upon further consent from the Federal Government, which consent is subject to parliamentary influence*” (italics added). The fact is that these conditions and this consent are still lacking, given that any process of genuine political union among states must, sooner or later, involve the transition from a confederal to a federal system through: a) a constituent moment in which a prominent role is played by representatives of the citizens of the member states wanting to deepen the union; b) the conferral, on the representatives of the citizens of those same member states, of legislative power in the fiscal field – on both the expenditure and the revenue side –, as well as control over the budget and over economic governance.

This problem is so acute and real that it has once again started to feature on government and parliamentary agendas and in political debate (see the repeated references to this issue by German finance minister Schäuble, by Italian under-secretary of state for European affairs Gozi in his recent book, and by his German counterpart Roth; and also by groups of prominent individuals who have, in the meantime, signed various manifestoes and appeals).

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<sup>1</sup>[http://www.judicialstudies.unr.edu/JS\\_Summer09/JSP\\_Week\\_1/German%20ConstCourt%20Maastricht.pdf](http://www.judicialstudies.unr.edu/JS_Summer09/JSP_Week_1/German%20ConstCourt%20Maastricht.pdf)



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### *The possible options*

In a European institutional framework that has become progressively more complex, the question of the democratic legitimacy of tax, budgetary and economic decisions concerning 18 of the 28 EU member states is one that is difficult to resolve. However, it should not be forgotten that the complexity of the framework is a consequence, not the cause, of a lack of willingness (and therefore of the decision) to implement a genuinely federal design. To date, attempts to overcome this situation have failed because they were not part of a coherent plan for institutional reform. One such attempt was made in the years following the creation of the single currency, as can be seen from the 1994 European parliamentary debate on the Herman report (*Resolution on the Constitution of the European Union*, 10 February 1994<sup>2</sup>), which included the following articles:

#### “Article 46: Final provisions

Member States which so desire may adopt among themselves provisions enabling them to advance further and more quickly towards European integration, provided that this process remains open at all times to any Member State wishing to join it and that the provisions adopted remain compatible with the objectives of the Union and the principles of its Constitution.

In particular, with regard to matters coming under Titles V and VI of the Treaty on European Union, they may adopt other provisions which are binding only on themselves.

*Members of the European Parliament, the Council and the Commission from the other Member States shall abstain during discussions and votes on decisions adopted under these provisions”* (italics added).

#### “Article 47: Entry into force

The Constitution shall be considered adopted and shall come into force when it has been ratified by a majority of Member States representing four-fifths of the total population (Art. 82 of Spinelli’s draft Treaty on European Union in 1984 had envisaged a two-thirds majority, editor’s note). Member States which have not been able to deposit the instruments of ratification within the time limit established shall be obliged to choose between leaving the Union and remaining within the Union on the new basis. Should one of these States decide to leave the Union, specific agreements shall be concluded, designed to grant it preferential status in its relations with the Union”.

However, not only was this report immediately buried, but the process of EU enlargement proceeded at such a rapid pace, out of proportion with the scope for deepening the union, that it became impossible to reopen the question.

More recently, in the midst of the economic and financial crisis, MEP Pervenche Beres suggested setting up a subcommittee within the European Parliament, in which “only euro members would vote to reflect the general trend in the EU towards a political and policy-making split between euro and non-

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<sup>2</sup><http://www.cvce.eu/viewer/-/content/6b3f12d2-3309-4e04-8084-41d227432996/en>



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euro member states (17-11-2011)". He warned that if the European Parliament failed to implement this initiative promptly, the proposal would inevitably be taken up by the national governments and parliaments, as indeed occurred with several proposals advanced by the French government of the time and by the former German foreign minister Joschka Fischer, who began to suggest creating a eurozone parliament made up of MEPs appointed by the national parliaments to serve as the legislative control body of a eurozone government.

It was only towards the end of the last legislature that the European Parliament began to make some counter-proposals in this regard. It did so partly because the European Parliament's involvement in the management of the crisis and of the various bodies set up, or to be set up, in order to deal with it, had rendered increasingly apparent the institutional limits of its functioning and of the framework of relations between the European Parliament, the national parliaments, the European commission and the national governments. Thus, in December 2013, the European Parliament adopted a resolution in which it reiterated its support for the plan presented by Presidents Van Rompuy, Juncker, Barroso and Draghi in their report entitled *Towards a Genuine Economic and Monetary Union*, and welcomed "the Commission communication of 28 November 2012 entitled 'A blueprint for a deep and genuine economic and monetary union - Launching a European debate' ", calling "on the Commission to make legislative proposals as soon as possible, under codecision where legally possible, for its implementation without delay, including further budgetary coordination, the extension of deeper policy coordination in the field of taxation and employment, and the creation of a proper fiscal capacity for the EMU to support the implementation of the policy choices".<sup>3</sup> It went on to stress that "some of these elements will require amending the Treaties". Furthermore, significantly, it stated that the European Parliament considers "differentiation to be a useful and appropriate tool to promote deeper integration, which, to the extent that it safeguards the integrity of the EU, can prove essential to achieving a genuine EMU within the Union" – differentiation that should now cover the functioning of the European Parliament itself, whose members represent citizens both of states that have adopted the euro and of states that have not yet adopted it or will not adopt it in the foreseeable future. This is necessary, specified the European Parliament, in order to ensure "an appropriate accountability mechanism for the current euro area and the Member States committed to joining", given that the Union has established an economic and monetary union whose currency is the euro, and the Protocol on the Euro Group refers to "the need to lay down special provisions for enhanced dialogue between the Member States whose currency is the euro, pending the euro becoming the currency of all Member States of the Union".

At this point it falls to the newly elected European Parliament, and in particular to the forces that, within it, represent the vast majority of citizens who are in favour of Europe, especially the group of

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<sup>3</sup><http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2013-0598+0+DOC+XML+V0//EN>





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MEPs who signed the MFE's Declaration of Commitment, to develop a draft manifesto for institutional reform in order to:

- a) resolve the problem of the economic and political governance of the eurozone, so as to boost development and employment in a context of democratic legitimacy;
- b) reconcile the coexistence, within the EU, of the ever closer union of the eurozone countries and the countries that do not intend to adopt the euro.

A draft manifesto of this kind could provide the basis for requesting the convening of a constitutional convention with the task of drafting a federal constitution along the lines requested by the federalists.

### **The federalists' role**

In this difficult phase, it is worth recalling a passage from a circular to militants written by Albertini in an equally crucial phase: "Those who understand what is at stake for Europe, and fear losing everything, can indulge in pessimism... But true fighters have no time for pessimism or optimism, which are only for spectators, not key players" (15 February 1974). Our primary role is, in every circumstance, to arrive at an, as far as possible, true assessment of the facts and the positions and, on this basis, decide whether or not our tools and approaches are still valid.

In the light of all that has been said above, I believe that our current tools and approaches – the use of action-postcards to appeal to Italy's politicians and the securing of a declaration of commitment from MEPs –, are indeed still valid for carrying forward our new phase of action, and that we can, and indeed must, continue to exploit them. In the coming weeks there will be plenty of opportunities and places in which to do so. Therefore, continuing to apply our tried and tested methods, it is important that the sections:

- make sure the government is sent, ahead of the main deadlines, new batches of action-postcards; if, instead, all those used in recent weeks to gather signatures already have been dispatched and there are no plans to gather new ones, they can send government a letter recalling the main political points raised by the initiative;
- send letters to the MEPs, to remind those who signed the Declaration of Commitment to remain faithful to it or to seek to obtain the commitment of those who have not already pledged it.

Milan, 31 May 2014