

Statement of the Spinelli Group

**"Against the temptation of a Franco-German *coup de chefs d'Etat*  
Shared leadership for a truly democratic  
and federal European Union"**

*Solidarity*

*Sustainable growth and  
investments*



*Discipline*

*Democratic Control*

**The irrelevance of the Franco-German response**

What is currently put on the table by the so-called Franco-German 'Directoire' to pull Europe out of its spiralling crisis is just not a solution. The current financial crisis is first and foremost a political crisis.

The proposed Franco-German "small treaty change" will only lead to a complicated intergovernmental bargaining. The apparent solution of tortuous protocol adjustments is unacceptable precisely because it circumvents every democratic process, be it at European or national level. Were they to take that path, the Parliament must legally challenge this in front of the European Court of Justice.

This is an attempt to bypass all democratic institutions, which imperfectly and partially duplicates existing rules on economic governance.



Without rapid and decisive action, the sovereign debt crisis will soon be more than a euro crisis and threaten the very foundations of European construction. Sixty years of efforts to bring Europeans closer together could be lost. In the interest of the entire European Union and under the watchful eye of the world, the euro crisis demands strong answers. But today's crisis is more than a financial tornado with destructive social and economic consequences. Citizens, and especially the younger generations, question the future, torn between the necessity of austerity and the hope for growth.

### Acting today

To effectively resolve the financial part of the crisis what we need immediately is:

- To implement the Economic governance package “6-pack”, that has been agreed in 2011 by the European Parliament and Council, including the macroeconomic surveillance.
- Measures restoring calm in the markets, consisting of a temporary pooling of Member States debt over 60% of GDP in conjuncture with strict debt reduction targets (proposal of the German Sachverständigenrat). Beyond this immediate measure, the creation of a European Monetary Fund remains a priority.
- Propose a roadmap towards the introduction full-fledged Eurobonds
- Let the ECB in all independence step up its action and/or provide the EFSF/ESM with a banking licence and the ability to purchase bonds.
- A new growth strategy is needed. It must be based on this federal budget and financed a by massive use of bond investment ("Project Bonds"). These "Project bonds" will provide funds for investment in the modernization and ecological transformation of the European economy and should focus on areas such as transportation (rail, road, river), energy (smart grid, green energy, energy efficiency) and scientific research projects on a large scale.

Furthermore, prior to any treaty change, all existing Treaty potentialities must be fully explored, including enhanced cooperation.

### The Union and the Euro

The choice is not between a Euro of 17 or a Union of 27, but how to strengthen the euro zone by avoiding the current intergovernmental coup and reaffirming the need for the Community method. The governance of the euro can be strengthened through the use of Article 136 TFEU and of the flexibility clause. Needless to say, the rule of unanimity represents a fundamental obstacle to European integration. How can a broader European perspective be maintained over the long term? Presently, it is urgent to apply specific measures in the euro zone. If the euro zone were to fail to consolidate itself today, tomorrow the entire European project would be under threat. In this context, a priority is to ensure that all decisions taken in support of the single currency abide by the requirement of democratic legitimacy. Furthermore,



decisions making mechanisms must involve Member States not yet in the euro but soon able and willing to join, as well as the European Commission and Parliament.

#### Democratic accountability is not negotiable

The lack of democratic control on the current decisions has direct economic, social and fiscal effects. The current proposals are an attempt to use the European intergovernmental level to bypass national democratic control.

Contrary to what is currently proposed at the Council, any government of the Euro must imperatively submit itself to a public debate and be accountable. The 'Euro+ pact' ignores basic democratic requirements and bypasses the prerogatives of the social partners. Such a government will have to develop and lead the economic and fiscal policy. It must also supervise the proper implementation of economic and fiscal criteria, particularly with regard to the provisions of the Stability and Growth Pact, as well as macroeconomic supervision. Economic governance can only be organized within the European Commission, accountable to the European Parliament. It will be led by a Vice-President in charge of Economic and Monetary Affairs and the Euro zone; and it should consist of all Commissioners with portfolios that relate to economic, social and environmental affairs inside and outside the Euro area. This VP will represent the euro area in the International Financial Institutions and chair the Eurogroup and the Ecofin Council.

#### **Tomorrow: beyond the crisis, building a truly democratic Union with sustainable growth**

##### Real economic policies for a brighter future

Discipline alone without solidarity and investments is not the solution. Without a boost, our economies are threatened by the recession and fiscal discipline will be an untenable commitment.

Therefore in parallel with measures that strengthen fiscal discipline, actions to pave the way towards sustainable growth are needed.

It is urgent to exploit the existing Treaty in all the areas that do not require modification, such as the tax on financial transactions or the full realization of the internal market, including in its social dimension – which is the foundation of our prosperity. We need also a European budget that is a credible instrument of economic policy, based on genuine own resources such as an FTT, a carbon tax and the CCCTB.

##### Develop a European democratic and social sphere

The crisis has brought to light that the shared European project cannot exist unless national debates are Europeanized and become part of a real European public space. The construction of a European political union represents an unprecedented historical opportunity to bring democracy out of its national historical context and become a true transnational democracy based on the federal model. Collaboration with national and/or regional parliaments must also be a priority to ensure that the double language on European issues in national/regional democratic forums ceases. In this context we must do away with national referendums on European issues. The only possible referendum should be a pan-European referendum that functions on the basis of a majority of citizens' in a qualified majority of member states.



To continue to further develop the legitimacy of the European Parliament and of the European democratic process, transnational lists should be established for European Parliamentary elections. In addition, it is necessary to strengthen the democratic legitimacy of the Commission President. This could involve the President's direct or indirect election.

The development of a European public space cannot only be solely based on the increase in the size of the constituencies. It also requires the active participation of citizens. It will be built with the trans-nationalization of the media space, training and exchanges between citizens, stakeholders and groups of citizens on a large scale (as with Erasmus), the monitoring of the European Citizens' Initiative and all forms of transnational citizen participation to activate, among other things, the influence of new social media.

### **Next step: Revision of the Treaties**

It would be a mistake to side with those who oppose Treaty revision. However the revision of the Treaty can only be acceptable under certain specific conditions. It would be detrimental to proceed by means of a secret and hasty modification or through the implementation of an ad hoc Treaty drawn up for a limited group of countries within the euro zone. Such a move would lead to an immediate attack by the markets on the Member States outside the eurozone. Furthermore, this would have dramatic consequences for all, whether in or out of the Eurozone and in the end, for the EU itself. Above all, the European citizens will not accept it.

The new Treaty will not be able to limit itself to simply setting out new rules and penalties for violations under Euro-zone governance. Rather it should complete the institutional framework and address the issue of competence attribution between the Union and the Member States, and strengthen those of the Union in areas with a European dimension. It should also further clarify the division of powers between the institutions and further deepen the Union's democratic dimension. Lastly, the Treaty should establish instruments to ensure sustainable growth, the protection of social and economic rights, including solidarity starting with "Project bonds" which are indispensable for stimulating investments in areas such as transport (rail, road, river), energy (smart grid, green energy production, energy efficiency) and large scale scientific research projects.

The Spinelli Group calls on the European Parliament to adopt the guidelines of a comprehensive reform on the future of the European project before the March 2012 Council.

### **A Convention**

To facilitate the way to a true democratic compromise, we propose the convening of a constitutive Convention on the basis of Article 48 of the Lisbon Treaty. We remember the failed attempts in Amsterdam and Nice to find lasting solutions.

This new Convention should bring together representatives from the EP, national parliaments, the Commission and Heads of State or Government. Organizations of social partners and civil society must be fully associated. We propose a more participatory Convention in its format than the previous one (web-streaming of work, forums on the internet every month



depending on the progress, citizens' panels ...). It is also a way of preparing the subsequent ratification, regardless of the modalities. The ratification process could even include the gathering of a European citizens' Agora.

The Convention should be able to work in flexible conditions, thereby being able to adequately address both Euro-zone instances and overall issues affecting all Member States. It should also at the outset establish modalities for ratification in order to avoid potential deadlocks resulting from blockage by a minority. Most importantly, the Convention's outcome must not be modified by the ensuing Intergovernmental Conference.