

CHALLENGE EUROPE

Yes, we should!

EU priorities for 2019-2024



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The politics of ever closer union

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MAIN RECOMMENDATION ▶ The EU lacks sufficient centralised powers to act effectively in the many critical situations in which it finds itself.

WHAT TO DO:

- ▶ Need for the Union to assume sovereignty in addition to the national sovereignty in its member states.
 - ▶ QMV and co-decision should become the norm.
 - ▶ A stronger commission with more explicit federal powers.
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Unfashionably, I am going to argue for more Europe. The European Union (EU) is too weak to do what is expected of it. We do not need more scenarios from the Commission's think-tank to tell us that the EU lacks sufficient centralised powers to act effectively in the many critical situations in which it finds itself. Nor do we need more politicians to explain that European unification is, for them, a distant abstraction which, if pursued overtly, will make them unpopular.

Europe is simmering with problems which defy the capability of its current governance. Some issues may recede over time because of natural or technological developments; other problems may come and go according to the economic cycle; but the most problematic challenges will persist – and if not addressed, worsen. Global warming, the rule of law, fundamental rights, the state of democracy, terrorism, military insecurity, corruption, international organised crime, mass refugees, social dislocation, low employment, environmental decay – these are Europe's systemic challenges demanding sustained structural responses from stable, strong government.

The scale and complexity of today's challenges are too much for Europe's nation states to tackle alone.

A basic lack of self-confidence at the level of the EU's leadership has led to this muddle.

Taking the place of the old order

One cannot be surprised that the Union is suffering from wear and tear and now needs refurbishment.

Central to the federalist thesis is the need for the Union to assume sovereignty in addition to the national sovereignty of its member states.

Given the state of play at the national level, however, reform has to be led by the European Union institutions, not least by the new Commission and Parliament.

The scale and complexity of today's challenges are too much for Europe's nation states to tackle alone. Many European citizens have realised this, and are disenchanted with the old order. The emerging polity of the European Union offers the hope of a solution – but in terms of modern government, it lacks necessary assets, instruments and competences. The EU preaches its values but continues to promise more than it can deliver. Its workings are abstruse, and it lacks affinity with its citizens. It claims to be a single market but remains poorly integrated in terms of services, taxation, banking and capital. It has a single monetary policy but no common fiscal policy. Its foreign policy is patchy and military footprint negligible. For most third countries, the EU is an unknown and sometimes awkward quantity.

Until recently, the EU institutions could rely on a solid bipartisan consensus in all its member states to sustain the integration project and uphold liberal democracy. But today a polarisation is taking place which fractures the political landscape, dissolving old political parties and destabilising parliamentary government. Several European countries are threatened by civil unrest and the rise of radical populism. The EU is made to share the blame for the decline of the old order, inheriting the stresses and strains of its member states. If it was once true that the EU rescued Europe's nation states, the reverse may now be happening: the decline of those incapacitated states is undermining the Union. The rise of Euroscepticism impedes the creation of a federal level of European government just at the time when it is needed most.

Constitutional deadlock

The EU's constitutional structure remains part confederal and part federal. While the European Parliament has been directly elected since 1979, its elections and political parties are national, not transnational. The European Commission is endowed with executive authority in some areas, such as competition and state aids policy, but not in others, such as tax or foreign affairs. The Council has wide powers to take decisions by qualified majority vote (QMV) on secondary legislation but is condemned

to using unanimity on matters of primary law and high importance. The European Court of Justice develops case law on the assumption of primacy and direct effect but is denied the powers of a federal supreme court. Likewise, the European Central Bank is tightly constrained and cannot assume the competence of lender of last resort even for the eurozone. At the political level the basic dichotomy between the intergovernmental and the supranational mode impairs the Union's ability to act rapidly, effectively and coherently, both at home and abroad.

A basic lack of self-confidence at the level of the EU's leadership has led to this muddle. The EU's treaties have been added to and amended over 70 years in a fairly ad hoc way while the size of the Union grew from six to twenty-eight member states. Constitutional reform has taken place spasmodically in response to a variety of internal or external pressures. Leaders responded as best they could to successive political, economic or security crises, but treaty amendment was disorganised, impaired by institutional struggles. EU treaties piled up without codification, and often without adequate democratic justification.¹

The EU's official strategy was to widen its membership and deepen its integration at the same time, although some member states, like Britain, wanted widening but not deepening, while others, notably France, preferred deepening to widening. Three European states (Iceland, Norway and Switzerland) could have joined the Union but chose not to; and now the United Kingdom, having failed to renegotiate its terms of membership, is leaving.

Throughout this process, the historic mission of "ever closer union among the peoples of Europe" has been repeated in successive treaties without being defined. Ever closer union became totemic, allowing gradual steps to be taken in a federal direction, but also provoking hostility among those who resented the loss of the comfort

zone of the nation state. Below and beyond elite commitment to the goal of European unity, real and rhetorical, nationalist forces survived and even prospered. European leaders, fearing adverse popular reaction, were careful to avoid teleological debate.

The result of this experiment in the peaceable unification of Europe is mixed. When things went well there could be satisfaction, even complacency. When the shocks came, as they did, there was disruption and the EU became a whipping boy for all sorts of misdemeanours, often unfairly. During the last decade, the EU has had to endure the drama of the great enlargement of membership (from 15 to 28), the defeat of the constitutional treaty in 2005, the great financial crash of 2008, and the influx of refugees from the Middle East and Africa which peaked in 2015 – and now Brexit. One cannot be surprised that the Union is suffering from wear and tear and now needs refurbishment.

Those of conservative disposition claim that the Treaty of Lisbon has settled the constitutional future of the Union, at least for now. They add that the time is not ripe for a new bout of constitution mongering, and that to pursue more political integration risks provoking the hostility of the nationalists. Their concern is to deal pragmatically with present difficulties – and to hope for the best about the future (while fearing the worst).

In truth, the EU often avoids conflict by postponing difficult decisions, muddling through in good times, complemented by crisis management in bad. But the new leadership of the EU institutions to be elected in 2019 would be wise to recognise it has a duty to prepare carefully for constitutional reform whenever the moment comes. Such preparation involves honest analysis of the state of the Union and the marshalling of democratic arguments for and against specific reforms. The noble cause of European unification could and should be confidently refreshed for the benefit of the millennial generation.

The Spinelli Group proposes reforms

As our contribution to this debate, the Spinelli Group has published a *Manifesto for the Future of Europe*.² Central to the federalist thesis is the need for the Union to assume sovereignty in addition to the national sovereignty of its member states. Such a complex, diverse and sovereign Union requires a proper constitutional government – especially if, as it develops towards a fiscal union, EU citizens are going to be asked to share the burden among themselves as taxpayers. Executive authority should be centred on the Commission, one of whose vice-presidents would be the Treasury Secretary with powers to tax, borrow and lend (and issue eurobonds), as well as to represent the Union in international monetary affairs.

We recommend that the Commission is reduced in size according to the formula prescribed in the Lisbon treaty. Executive decisions now held jealously by the Council, such as the power to set farm prices and fishing quotas, should be transferred to the Commission. A new call-back procedure should be introduced to allow the two chambers of the legislature to hold the more powerful Commission strictly to account.

QMV and co-decision should become the norm; special laws of the Council would be abolished; and a new category of organic law could be introduced for weightier matters such as electoral reform, own resources and rule of law sanctions – subject to higher voting thresholds. In effect, the next treaty revision should assume that all the Lisbon passerelles are crossed. The extension of QMV to Council decisions on taxation and social and environment policies would spur the integration of a wider single market, bringing direct benefit to citizens and to business. Loosening the national veto over finances would allow the EU to develop a budgetary capacity fit for its federal purpose, including macro-economic stabilisation. The transfer of some large items of expenditure

such as R&D, energy infrastructure and defence equipment from national to the EU level would constitute good value for money.

The Spinelli Group would not merge the two presidencies of the European Commission and European Council. Instead, we would put the European Council more firmly in charge of the running of the legislative Council of ministers (and scrap the rotating presidency of the latter). While the Commission in its governmental role would continue to initiate legislation, both Parliament and Council should enjoy a limited power to initiate draft law.

Current constraints on the judicial purview of the European Court of Justice should be lifted, notably in the field of foreign policy, security and defence.

The European Central Bank must become the lender of last resort with full supervisory authority over the whole financial sector. The Bank's remit would be widened from that of maintaining price stability so as to support the objectives of the common economic policy of the Union as conducted by the Commission. The European Monetary Fund should evolve over time into a properly federal body.

The shift from unanimity to QMV would give momentum to the development of common foreign and security policy under the initiative of the High Representative (upgraded to EU Foreign Minister). In foreign policy, as in other fields, we would encourage the use of the treaty's provisions on enhanced cooperation. We would remove the current stipulation that groups of like-minded states can only be formed as a matter of "last resort".

In matters constitutional the Spinelli Group wants to boost the role of the Convention, composed of national and European

parliamentarians, the European Council, Commission and Committee of the Regions. Convention proposals to change the treaty would stand unless opposed by the European Council acting by unanimity. Treaty amendments would enter into force once ratified by four-fifths of the member states.

The emergence of a stronger Commission with more explicitly federal powers would

raise the stakes for the European Parliament. To enhance its legitimacy in time for the next elections in 2024, Parliament must insist on the introduction of a pan-European constituency for the election of a portion of MEPs from transnational party lists. This change would guarantee the emergence of strong political parties at the federal level whose absence so far has impeded the development of a truly European demos.

Making the case

The Spinelli Group takes a long-term perspective. It would be naïve to think that our radical reform programme will be agreed in a hurry even though we are careful to build on the current treaties. But it is vital to prepare the next Convention well if its proposals are to be rational, consistent and comprehensive. There are many people to be persuaded at each federal level if the democratic acceptability of such a package is to be assured during the next decade. Given the state of play at the national level, however, reform has to be led by the European Union institutions, not least by the new Commission and Parliament.

This year the Union may struggle to pick a first-class team of leaders. Over the next five years, the EU faces serious divisions over the future of its financial framework, immigration, the rule of law and tax reform. It will continue to be plagued by the British problem. The euro

remains at risk of financial instability. Its neighbourhood, in the shape of Putin and Erdogan, continues to be threatening, and the transatlantic alliance is in jeopardy. In these circumstances, it will become easier to make the case for constitutional change.

The objective of the Spinelli Group is to endow the governance of the European Union with credible and democratic leadership. By streamlining the functions of government and by clarifying how the EU is run, the next round of reform must strive to bring a sense of constitutional settlement. The Union cannot allow itself to be intimidated by nationalist forces that reject its values and purpose. Inaction is the worst way to counter the risk of disintegration. Our states, citizens and institutions will rise to ‘Challenge Europe’ only when they succeed in building a well-governed federal union. There is no sterner test for liberal democracy in Europe.

¹ The EU's constitutional order has been built mainly on the Treaties of Paris (1951), Rome (1957), Schengen (1985), Single Act (1986), Maastricht (1992), Amsterdam (1997), Nice (2001), and Lisbon (2007). Important treaties failed to be ratified in 1954 and 2005.

² *Manifesto for the Future of Europe: A shared destiny*, September 2018, is available in EN, FR, DE and PO on www.spinelligroup.eu. The Spinelli Group brings together federalists on a cross-party basis in the European Parliament and Committee of the Regions. Its aim is to work by stages towards a federal union of Europe based on the values of liberal democracy, solidarity and the rule of law.