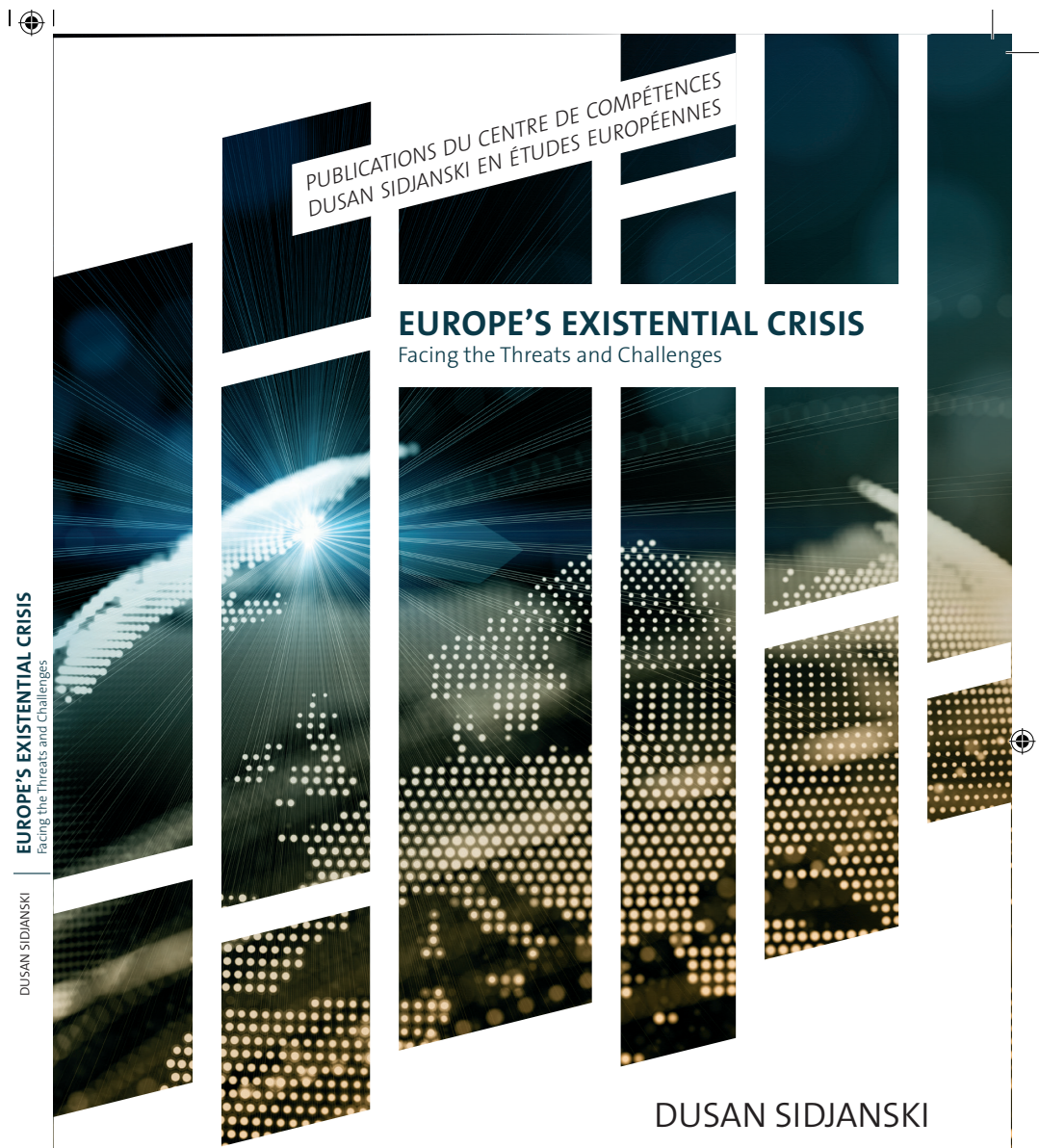


The European Union is in a state of emergency. The crisis it is facing today is a global one, rather than merely sector-specific as in the past. It therefore requires a global response, in other words at a political level. This is the central message conveyed by this selection of texts. Having presented some of the main challenges, both internal and external, with which the Union is contending, the author maintains the need for a European political authority subject to democratic control, in particular with regard to currency, foreign, defence and security policy and migration. He puts forward the case for a federative core within the Eurozone which at first could take the form of “enhanced cooperation” between a certain number of countries favourable to the idea, while allowing other Member States the possibility to join them. He also stresses the need to break with austerity policies, a breeding ground for populism, and to promote solidarity as a guiding principle for future actions. As a result an unprecedented European federalism could be developed which would provide the European continent with the means to defend its values and to continue to play its part as a major peacekeeper in the 21<sup>st</sup> century.

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Facing the Threats and Challenges  
DUSAN SIDJANSKI



GLOBAL STUDIES  
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UNIVERSITÉ  
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2

DUSAN SIDJANSKI

**EUROPE'S EXISTENTIAL CRISIS**  
**FACING THE THREATS AND CHALLENGES**

**Collection of texts**



## Foreword

Ever since the European Movement and the European Coal and Steel Community came into being, I have been avidly following and analysing the European Union and living in the hope that I will witness the advancement of its unity. It represents the very meaning of my life, it is a cause of both outbursts of joy and despair. Which goes to show that the Union's journey has been far from a bed of roses. Admittedly, as in the case of our nations, societies and communities, the process of integration has its ups and downs, its critical times and its periods of revival. But never before has Europe had to face such a multifarious, far-reaching crisis which has hit her citizens head on.

A reminder of previous crises is enough to convince us that this time the divisions in our societies run deep. How did we manage to reverse the momentum and the domino effect of three currents : the European Movement and parties transcending frontiers, *de facto solidarity* starting with staple materials, and the impetus provided by the United States to the European economy and their protection in the face of the Soviet Union ? The ECSC played a large part in the reconstruction of Europe then in ruins ; this was the work of Jean Monnet which was in keeping with a turnaround of French foreign policy : instead of retaliating, France extended the hand of friendship to Germany and the traditional enemies morphed into the backbone of a united Europe. A miracle had occurred, paving the way towards the European Defence Community Treaty proposed by France and rejected by the National Assembly. The failure of the EDC brought down in its wake the project of the European Political Community. This was the first crisis which quelled the institutional desire for democratically controlled defence. Ever since then European integration, which had been deprived of any political dimension, has been confined to the economic domain and its related sectors. Jean Monnet's strategy of integration sector by sector had evolved to the full but did not suffice to attain the objective of a European federation. This ultimate goal, shared by Jean Monnet and Denis de Rougemont, had been sidelined. A serious blow representing a period of mourning for all those who had been developing proposals for a European federal community. Subsequently the European Economic Community attempted in vain to equip itself with a global political dimension. The Gaullist project (1961-62) was rejected by Spaak and Luns in the name of supranationality. As for the Tindemans (1976) and Spinelli (1984) projects, although the latter was approved by the European Parliament, they were both abandoned without a word.



So today the European Union with its 27 Member States represents the main economic and commercial power, and yet it is deprived of any global vision and political powers. Integration has continued within a democratic framework, torn between the community or federal method and intergovernmental temptation. The flood of challenges regarding matters of high politics has contributed towards the ascendancy of the European Council and the Council of Ministers over the Commission and the Parliament.

The crises which the Community and subsequently the Union have experienced have been sector-specific and often institutional and economic. The « empty chair crisis » (1965) had a direct impact on the interests of farmers and food companies. It led to farmers marching to Brussels, egged on by COPA and the General Committee for Agricultural Cooperation (COGECA) and pressure from the agriculture industry lobby. But these movements remained sectoral, rallying the whole stratum of farmers. The crisis ended in an agreement to disagree which allowed France to protect its agriculture. A series of crises ensued which were far removed from the direct interests of European citizens and which the Franco-German engine together with Italy helped to overcome.

The very heart of the Union, based on the dynamics of the founding States, almost fell apart due to Franco-German differences of opinion regarding the Yugoslav conflict and the German government's eagerness to recognize Slovenia and Croatia in opposition to France's moderate viewpoint. Their former rift, a haunting memory, was threatening to reappear and divide the couple. The Summit held in December of 1991 gave priority to the GATT crisis and the unity of the Franco-German couple, while at the same time making apparent its weakness politically speaking in the light of German reunification and the peaceful break-up of the USSR. Which goes to show that communities which appear to be immortal are at risk of disintegrating when under pressure from strong currents ! A serious warning to the European Union which was to undergo a constitutional crisis followed by an existential one. The causes of these two crises are still at work.

At the turn of the millennium, the Convention responsible for drafting a Constitutional Treaty and chaired by Valéry Giscard d'Estaing inspired great hopes. Its Chairman made a point of comparing it to the Philadelphia Convention, despite their profound differences. But the French and Dutch referendums marked the end of the constitutional dream. What were the reasons for the French rejection by 54.68% and the Dutch rejection by an even greater majority of 61.54% ? In France the opposition which was led by Mitterrand's former Prime Minister, Laurent Fabius, put forward an important argument : the mark of market liberalism had been incorporated into the essence of the European treaties. Moreover, common policies had been frozen into constitutional norms whereas they are

supposed to evolve with the changes in the political orientation of governments as a result of elections. Added to this fundamental argument which I had presented to President Giscard d'Estaing outside the conference of the European Movement in Athens, was the illegibility of a text over 300 pages long sent to the French electorate. Yet a Constitution contains within fifty or so pages the fundamental norms and the principles for the functioning of a political community. In opposition to national referendums, de Gaulle had been right to propose a « European referendum » as a basis for European legitimacy.

The « mini » European treaty inspired by Michel Barnier and Alain Lamassoure and proposed by President Sarkozy in Brussels, took the form of the Lisbon Treaty in 2008. The end of the crisis was guaranteed while the question of national referendums remained open as well as the unanimous ratification of European treaties by all Member States, a practice which has been dropped even by the International Organisations.

We are currently witnessing an existential crisis of the European Union, the visible cause of which is the fallout from the US subprime crisis and the profound crisis of rapidly changing societies and public opinion. It goes to show how permeable our European societies are and how much more intensely interdependent than we had imagined. This testing of the Union's capacity to resist a financial crisis revealed the Lisbon Treaty's serious shortcomings ; on the brink of the galloping crisis, it was not equipped with the instruments needed to effectively fight back. But worst of all, the European treaties had constructed the euro on foundations lacking solidarity and political Union. They focused on the individual responsibility of Eurozone States, establishing golden rules setting ceilings of 3% for budget deficit and 60% for public debt. Instead of providing for measures ensuring mutual aid, the treaties banned them. As for the role of the ECB, it is limited to the control of monetary stability. The single currency was launched with an optimistic view towards spillover sector by sector. However in times of hardship, it's every man for himself despite the dense structure of interdependence within the Eurozone. In this context, Germany imposed austerity measures on its partners without measuring the destabilising effect they would have on the Eurozone as well as the Union, and how devastating they would be for solidarity within individual countries and for the functioning of their democracies. On the other hand, Jacques Delors supported by Tommaso Padoa-Schioppa, Jean-Claude Juncker and many others proposed a *European New Deal* in order to finance large-scale projects in the field of infrastructure and communication, research and scientific and technological innovations. This process would have enabled Europe to rise to the numerous challenges posed by digitalisation, cyber security and the GAFAM tech giants. But the multifarious crisis from which nu-

merous Member States are suffering has evolved from being a purely economic to a social one, undermining the fabric of our societies and hitting citizens head on in their daily lives.

Austerity is without any doubt the principal cause of the erosion of our promised prosperity. Greece is a flagrant example : the country has lost 28% of its national wealth, its middle class is being wiped out and poverty affects a vast percentage of the population.

The crisis is growing and continues to undermine social cohesion. The rise of national populist right-wing parties is regarded as being more and more commonplace. In fact, these anti-system parties and movements burst onto the scene and become members of coalition governments. The authoritarian drift in Hungary and Poland is beguiling other Visegrad countries and enticing Slovenia as well as Austria, where the Conservative party has allied itself with the far-right. Democracy, a Union of values no longer have unanimous support as elections allow parties of all persuasions to come to power. The EU is being targeted by populist parties and nationalist, anti-system movements. How can one refuse to admit that the root of the problem is austerity together with the threats posed by the influx of migrants, terrorism and attacks by Trump ? How can we turn a blind eye to the obvious fact that, apart from in the case of a few exceptions, the Union does not have the sovereign powers necessary to tackle the mounting dangers and these groundswells which are causing cracks and rifts to appear within Europe ?

For the moment these drifts have applied to Eastern Europe or to medium-sized and small Member States. But now they are disrupting Italy and threatening the heart of the Union. Admittedly we believe that this large country, which was one of the founding nations and resolutely European, will soon reassume its role as the Union's driving force. Yet we are plagued by the fear that the coalition government between the Five Star Movement and the far-right League party will rapidly manage to implement the destruction of the economic and monetary Union.

The EU is in urgent need of a political core in order to effectively respond to the threats by having recourse to sovereign powers. A step by step approach is no longer viable faced with the downward spiral causing the destabilisation and even disintegration of the European Union. Emmanuel Macron's call for a sovereign Europe and his global vision implemented for the time being represents the only choice which would safeguard the future of the Union and the survival of our European civilisation.

Geneva, June 2018

## **THREATS AND CHALLENGES**



## **Austerity, a sword of Damocles hanging over European democracy<sup>1</sup>**

The austerity imposed by Germany and the troika is a remedy which exacerbates the financial crisis by increasing deficits and debt, destroys the economic and social fabric, and destabilizes the political system. This downward spiral leads to the impoverishment of the middle classes and heightens poverty amongst the most vulnerable members of society. All of this is happening in an atmosphere of deep depression, punctuated by violent revolts. The situation in Greece illustrates the economic and social evil that threatens the Eurozone and the European Union. It shows that, due to the intense interdependence resulting from European integration and contrary to the view of certain experts and politicians from the North, even a country like Greece, which represents only 2% of the Eurozone's GDP, cannot be quarantined or even less expelled from the monetary union. However, if deprived of an act of European solidarity and subjected to harsh austerity measures, this small European country can set off a chain of crises spreading from one country to another, threatening to break the euro apart and jeopardizing their democracies.

Prior to his appointment as Head of the ECB, Mario Draghi warned against the important systemic effects the sovereign debts of three countries – Greece, Ireland and Portugal, which represent 6% of the Eurozone's GDP – could have. For those who did not want to ignore the facts, it was obvious that the contagion would not spare the major economies of the Eurozone either, starting with Spain and Italy. Moreover, this negative domino or *spillover* effect does not only have an impact on the financial and economic fields, but also leads to an increase in unemployment which in Greece and Spain affects a quarter of the population and about half of young people. With such budgetary austerity and dismissal of employees and workers in the public and private sectors, the state is not going to spend less, but in fact *more* on the unemployed and health care. The dilemma facing the government requires a difficult choice: either it cuts back on pensions, wages, education and culture, at the risk of provoking violent reactions, destroying its social networks and paving the way for extremist movements; or it increases its deficit and public debt by taking out loans at about 6% interest, as in Spain and Italy. At this rate, we wonder when or rather if the state will ever be

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<sup>1</sup> Translation of paper by Dusan Sidanski, "L'austérité, une épée de Damoclès sur la démocratie européenne", 16<sup>th</sup> October 2012.

able to repay its debts. Especially since it is in a recession and is recording negative growth.

The example of Greece is premonitory in that it proves that the financial and the sovereign-debt crisis spreads quickly and affects all levels of society, while causing deep political instability. The last elections are proof of this: the elections were preceded by serious political disturbances that have caused the loss of one year of reforms for the state and the Greek economy, and have only increased the disastrous effects of the crisis.

We should remember that Papandreou's PASOK, the majority party at the beginning of the financial tsunami, was deprived all of a sudden of its broad popular support. After the last elections of 17 June 2012, it was around 13%. Its loss of voters is certainly due to the austerity that has led to the emergence of a populist left-wing party, Syriza. This movement advocates a contradictory policy requiring the maintenance of Greece in the euro area while refusing any austerity policy. By managing to win 26.8% of the votes, it was surpassed only slightly by the New Democracy party (29.66%). As the first party, New Democracy received the "bonus" of 50 deputies, as allowed by electoral law. This supplement aims to strengthen the position of the first party and to ensure greater stability within a Parliament that has never before known such a wide spectrum of political parties. ND has attracted part of the PASOK electorate who cast an "expedient" vote, while the other part rallied to Tsipras, the charismatic leader of Syriza. These movements and transfers of allegiance reflect the extreme instability of the Greek political system, which under the shock of the crisis saw the emergence, alongside ND, Syriza and a moderate left, of a *neo-Nazi* movement, Golden Dawn. In mid-October, the polls predicted a slight drop in support for ND (25%) and for Syriza (24%) who remain neck and neck, while the rising extreme right-wing neo-Nazis were ranked at 10.5%.

Is Greece heading towards left-wing populism and virulent neo-nazism which have one thing in common, the refusal of austerity? This is a clear warning to the Eurozone Member States on the effects of all-out austerity measures without any compensation. In fact, it is clear that in the event that Syriza wins first place at the next election, and the extra 50 deputies, Greece might sink into political and social chaos<sup>2</sup>. With the threat of a neo-nazi party looming, Greek democracy would be destabilized under the domination of left-wing populism and a neo-nazi movement. Greece is indeed teetering on the edge. The consequences for other European countries, for the European Union and above all for the Balkans would

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<sup>2</sup> In the event that Syriza forms a coalition with ND, it could evolve along the lines of « transformismo », a well-known political tradition in Italy.

be unpredictable, but for sure unsettling. By studying the Greek case, we can already evaluate the political risks that Spain and Italy, the fourth and the third largest economies of the Eurozone, are incurring.

If the members of the Eurozone have not been able to help Greece, which represents 2% of the economy of the area, it is reasonable to wonder whether they will be able to make a large-scale, joint and effective effort with regard to Spain and Italy, whose current difficulties threaten survival at the very heart of the Eurozone. We can still vividly remember the statements of economists regarding the limited impact of the Greek crisis, and their denials of possible domino effects that threatened to involve other countries with fragile economies. Meanwhile, they have been proven otherwise: the contagion has spread to Portugal and Ireland, and more recently to Cyprus and Slovenia, without sparing Spain and Italy. What should we think today of the two major economies of the Eurozone? What fate is in store for these two democracies that are experiencing strong movements of protest? Arguably, it is to be expected that Greece's possible exit from the euro would be a severe, if not fateful, blow for the future of the European Union.

A series of recessions and depressions, as we can see unfolding in Greece, would have a contagious effect on other European countries. The weakest among them run the risk of collapsing under the pressure of the crisis, that from a simply financial one has become economic and social, with destabilizing consequences for the political system; whereas the strongest, with Germany in the lead, would be tempted to isolate themselves. As of today, France, the second largest economy of the zone, is facing difficulties because of rising unemployment and declining competitiveness. Should the countries that represent the largest market share of German exports – France being Germany's largest trading partner – enter into a recession, that would cause a decline in German exports in the Eurozone (40%) and in the common market (60%). They may in turn drag Germany into the recessionary cycle. Of course, Germany as the first exporter of machines, tools, luxury cars and Airbus planes, together with France, is still enjoying an increase in its exports to China and to other emerging markets that represent a valuable backup, but that is far from being decisive. For how long? Because China's growth is weakening: from 10.4% in 2010, it fell to 9.2% last year and 7.8% in the first half of this year. Obviously, the vicious circle of declining growth in the EU countries and especially in those of the Eurozone,



also threatens the United States and other parts of the world<sup>3</sup>. This is the perverse effect of the globalization of finance and the economy.

There is evidence that the serious crisis that Europe is experiencing and the recession that has hit various Member States are causing social unrest and political instability, raising the spectre of populism. These are all factors that are causing the decline in the support of Europeans and are likely to paralyze momentum towards integration. Especially as under these conditions, the Europe of Brussels and the euro are targets of criticism, not only by governments and social actors, but also by citizens. Also, the domino effect, or *spillover*, as envisaged by Jean Monnet and which has animated the dynamics of the Union, is close to paralysis. Now, under the weight of the crisis, it has even undergone a reversal, or *spillover*, threatening under the pressure of rebellious nationalistic movements to lead to disintegration, or at least to curb the unification movement. What represents the very heart of the dynamics of integration and its driving force, the federative core, in other words the Eurozone and the Franco-German couple, was supposed, through its advances in a key sector, to lead other sectors and other States in its wake. The conclusion is undeniable: Jean Monnet's strategy of a *sector-after-sector* integration that was supposed to lead automatically, following the logic of the *spillover* effect, to the formation of the political union, did not provide the desired result.

The adoption of the monetary union, the euro and the ECB, this promising set was the logical consequence of the single market, of the four freedoms; it was meant to accelerate integration by controlling deficits and capping public debt, as well as by relying on an economic union. However, budgetary discipline was violated first by France and Germany, the two largest economies in the Eurozone, which are the driving forces of integration. As far as the economic union is concerned, it has remained at the planning stage in the absence of any coordination of economic policies. In addition, for the first time in history, a currency, the symbol of sovereign power at national or supranational level, was created and put into circulation without being supervised by a European political power.

This approach corresponds to the strategy of Jean Monnet, to the extent that it would result in greater integration of economic policies and related sectors and ultimately lead to the creation of a European federation. Non-compliance with the rules of the economic and monetary union together with the outbreak of the financial crisis, have cast doubt on the integration process which, despite its fluctuations seemed to continue to progress. Faced with the risk of widespread pa-

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<sup>3</sup> Many G20 members have urged the EU to adopt a dynamic policy for growth.

ralysis, senior European officials headed by Chancellor Merkel and President Hollande, became aware of the urgent need for vigorous growth and greater integration into structures that prefigure a political federal union.

The response to the financial crisis was slow, hesitant and insufficient. The solution to the Greek crisis, which required strong measures, support from the Eurozone countries, if not from all the members of the Union, came up against the refusal of the German Government. European solidarity has given way to austerity measures and to action taken too slowly and sparingly aimed at avoiding bankruptcy of the Greek state. Instead of getting help to revive its economy, Greece has been plunged into a growing recession (-7%), accompanied by rising unemployment, reduced activity and a wave of bankruptcies. Austerity has slowed down reforms and led to an increase in illegal employment, corruption, tax evasion and fiscal fraud. In two years, Greece has bottomed out, its people have reached breaking point. Having nothing to lose, the Greeks seem ready for any adventure, as shown by the surge of extremist movements, the repeated strikes and the frequent and violent mass demonstrations. The pursuit of austerity paved the way for Syriza. Its leader is aware of this. The maintenance of this chaotic situation, the despair of the Greek people are the best guarantee of his political success.

The coalition government which has joined forces around New Democracy, PASOK, or what remains of it, and a moderate left, are asking the troika and the members of the Eurozone for an extension of two years in order to stagger the draconian measures and to avoid an explosion that nobody will be able to control. If Greece, in the midst of a popular revolution, either leaves or is expelled from the Eurozone, as at the beginning of the crisis it will be like a bomb, the impact of which is predictable. The first consequence, namely *contagion*, will affect the countries weakened most by the crisis and by the shock of austerity, shaken by uprisings, starting with Portugal, Spain and Italy. The fire of rebellion is brewing, reminiscent of Mussolini's march on Rome. This profound social crisis may cause the establishment of authoritarian regimes, as none of these European countries have escaped dictatorship during their recent history. A second likely consequence: the *crisis* aggravated by the inhumane austerity measures in a troubled society may reveal its "darkest" aspects. All of this against a backdrop of organizations engaged in drug trafficking and money laundering, amongst other things, generating social upheaval and the destruction of the functioning of the State.

The Greek crisis illustrates the dramatic process of overall degeneration, the destruction of the fabric of communication and social solidarity and the erosion of the democratic system. It proves that contagion is not limited to financial and economic effects, but that it spreads to all sectors of life. Popular movements are gaining momentum and strength in both Portugal and Spain, as well as in Italy<sup>4</sup>. A vicious circle has been triggered: austerity and public debt, recession, increased unemployment, popular revolts and the emergence of extremist and nationalist movements. They cause a loss of State authority and the undermining of the political system and they threaten the very democratic values within the European Union that it was called upon to guarantee.

Added to this downward spiral is the pernicious effect of media hyping. We all remember the media war between Germany and Greece. Attacks and harsh criticism in defiance of mutual respect flung by the German media and often relayed by certain political and economic actors, embittering relations between the two countries and helping to create hostile opinion against Greeks in Germany. This media attack sparked savage retaliation by Greek media and politicians, accompanied by violence, including the recent example provided by the Chancellor's visit to Athens under high-level protection. In turn, the less violent reaction of public opinion is booming out in many other countries criticising German hegemony, austerity and its devastating consequences. In short, this atmosphere does not inspire a spirit and acts of solidarity within individual countries, and even less across the Eurozone and the European Union.

The Greek tragedy forces us to become aware of the seriousness of the situation. In this sombre context, we can understand why the Greek Prime Minister referred to the Weimar experience that led to Hitler's rise to power and to the Second World War. This reminder, conveyed through numerous appeals by German personalities, including former Chancellor Helmut Schmidt, aims to soften the financial orthodoxy applied by the German Government and to affirm its commitment to build a united Europe. The requests of President Hollande seem to have persuaded the German Government that budgetary and fiscal discipline needs a growth component, too. The time has come to boost the economy and promote greater integration within the Zone and the single market. One wonders when such a major economy as the Union, caught up in a changing world in search of a new division of powers, will decide to equip itself with the political means to match its economic weight and its global responsibility. Isn't the Nobel Peace Prize a strong enough sign of encouragement?

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<sup>4</sup> Michelet forewarned us: "The ripple effect of popular rage is sometimes very widespread and rapid."

With this aim in mind, it is essential to avoid the bankruptcy of Greece and its exit from the euro, which would be a fatal blow to the European Union. Especially since Greece occupies a key strategic position in the Mediterranean and in the Balkans. Indeed, Greece is a factor promoting stability and also development in the Balkans. Its collapse would have serious repercussions for EU candidate countries, which are young and fragile democracies and societies. If Greece is in dire straits it could fall prey to Russia's ambitions, or to China's. This privileged situation enjoyed by Greece should be considered by the European Union, which is still restricted by its economic dimension. The current limits of the Union's powers are one more argument in favour of the urgent creation of a European Federation.

THE FEDERALIST DEBATE, XXVI, Number 2, July 2013, pp. 16-20.



## **When can we expect the Eurozone to be reformed?**

The European Union has been suffering from an infantile disease ever since the failure of the EDC in 1954 which brought down in its wake the project to create a European political Community. And today more than ever, the European Union lacks vision and global weight, which implies political power at a time when it is beset by serious crises and both external and internal threats which it is having difficulty overcoming. Obvious examples of such external threats concurrently assailing the European Union are the Russia-Ukraine crisis, the civil war in Syria and the conflicting actions undertaken by France and Germany and their repercussions on the response to Daech, as well as the wave of refugees and migrants pouring into Europe and dividing it. Moreover, the general crisis is causing rifts within the Union and the Eurozone. One only has to look at the disastrous effects of the imposed austerity measures which have contributed towards the re-emergence of nationalism tinged with populism, political extremism and euro-phobia. Not to mention the breach of trust caused by the scandal involving “das Auto”.

Swept up in this turmoil of threats, the Greek case has forced the Eurozone members to recognise the need to reform the structures and functioning of the Union’s pioneer core. If we accept the objective, as envisaged by Jacques Delors, of shared monetary and economic sovereignty, there is an urgent need to carry out the first phase of the Eurozone’s institutional overhaul. This would allow the Zone to fall in line with the Union’s current regulations; the Zone’s institutions would fit within the framework of the Lisbon Treaty, functioning according to “enhanced cooperation”. The Council and European Parliament, in their 19-Member configuration, would take decisions on proposals by the Commission which are supported by the ECB, according to qualified and simple majority respectively. As a result the community method would replace the current haggling between Member States, thereby ensuring that the Eurozone’s functioning is consistent with that of the Union.

Certain examples illustrate the key features of these reforms. The term “Summit” which implies interstate discussions, would become the European Council of the Eurozone. Its President would be the same one who presides over the European Council of the Union. After all, it was President Donald Tusk who played a decisive role during the last Summit meeting together with François Hollande, followed by Angela Merkel. It was decided to maintain Greece in the Eurozone, thus avoiding a ripple effect and the probable demise of the irreversibility of the euro.

The Eurogroup, to be renamed the Council of the Eurozone, would alter the image it projects to the public and would align itself with the qualified majority vote applied by the Council of the Union. In this way, it would adapt its decision-making procedure to that of the Council and would become more integrated into the system used by the Union. Paradoxical as it may seem, this avant-garde core still functions according to the intergovernmental method! It is obliged to catch up if membership is to be extended to the 9 Member States which have not yet adopted the euro. This process of progressive inclusion is reminiscent of the formation of the Swiss Federal State.

In short, the Eurozone would adopt the community method invented by Jean Monnet, thereby guaranteeing more efficiency, solidarity and legitimacy. In this way the Union would prevent the decline initiated by the major crisis and the Eurozone could commit to implementing the project of a “hard core”, an idea presented by Wolfgang Schäuble and Karl Lamers in 1994. Their priority was to reinforce the institutions and create a European government within the federative core driven by the energy of the Franco-German couple. This innovation also implies strengthening the Union’s capacities as regards foreign and security policy. I appeal to the author of this project, the current Minister of Finance, to the German Chancellor and to the French President, so that at their instigation, and with the support of other Members such as Italy and Greece, together they will implement this project for a political federal Union.

BILAN, Issue no. 19, 28<sup>th</sup> October to 10<sup>th</sup> November 2015<sup>1</sup>

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<sup>1</sup> BILAN is a Swiss business magazine published in french.

## **Europe put to the test by influx of migrants**

Europe is exposed to an accumulation of challenges and threats. Of course, today we are understandably obsessed with the migrant tragedy. Angela Merkel's open-door immigration policy showed a humane side of this female leader who believed she could act single-handedly by imposing her plan without consulting with her European partners, in particular France and Italy. Alone and overtaken by events, she has humbly asked for Erdogan's forgiveness. By acting without a European mandate, she has managed to place Turkey in a position of strength: the refugees flooding into the Greek islands are to be sent back to Turkey in exchange for financial aid, lifting of visa restrictions and the promise of restarting EU membership talks, which many Members believe will put Europe in danger of being overrun by Turks.

The migrant crisis has exposed the EU's shortcomings. It was incapable of foreseeing and preventing the influx of migrants, to which all the signs already pointed: insecurity in the wake of the fall of Gaddafi and the Arab Spring, the wars in the Middle East, Syria and Daech, not to mention the interminable Israeli-Palestinian conflict. The consequences have not come as a surprise. Greece, still in a state of crisis, is subjected to a wave of migrants arriving at its Eastern islands. As usual, the EU is slow to react. It is only now with the human catastrophe at its climax, aggravated by Macedonia shutting its border with Greece and the steady flow of migrants in their quest for a German El Dorado, that the Union has granted a 700 million euro refugee aid package for Greece and has reached an agreement with Turkey under Angela Merkel's leadership : the EU has pledged 3 billion euros in aid in two installments, to scrap visas for Turks and to resume accession negotiations by opening the chapter on Financial and Budgetary Provisions. Mrs Merkel was pleased to announce « We have taken an important step towards finding a lasting solution ». This first step implies that starting Monday 4th April all migrants illegally arriving in Greece may be sent back to Turkey.

According to this plan, for every Syrian returned to Turkey, another refugee will be readmitted to the EU. The implementation of this arrangement will alleviate the pressure on Greece. However what happens next will depend on the efficiency with which the plan is executed and the responsibility which is incumbent on both the Commission and the Greek Commissioner for Migration, Home Affairs and Citizenship.



This tragic display of a major economic power of 500 million inhabitants powerless in the face of a few million refugees and migrants will seriously damage its credibility. It will reinforce the memory of a Union which prefers to forget about unfinished projects, as was the case with the Economic Union which was supposed to follow on from Monetary Union, or the agency Frontex which was intended to guard Europe's borders. These oversights, combined with a general sluggishness to make and implement decisions and with various internal divisions, represent the many growing pains from which the European Union is suffering and which are brought to light in times of crisis.

And so impassioned controversies have unveiled deep divides between the EU15 and the new ex-communist Members who have publicly proclaimed that they refuse to take in Muslim refugees and migrants. Moreover, it is these very same countries which distinguished themselves by adopting authoritarian regimes in defiance of rule of law and democracy as well as the values underlying the EU. Hence the urgent need to form a dynamic core group of Member States sharing their sovereign powers, their democratic values and their common future.

BILAN, Issue no. 6, 30<sup>th</sup> March to 12<sup>th</sup> April 2016

## Europe in the face of the jihadist terror threat

A multifarious threat requires a global response, particularly when it is posed by an army equipped with sophisticated weapons and a central command whose ambition is to create an Islamic State. The Jihad, justified by bellicose Islamism, exploits every form of violence against our societies, whose complexity, transparency and tolerance make them so vulnerable. Is the imperialist dream rearing its head after more than a thousand years of subservience, true to André Malraux's prediction : the 21st century will be dominated by religions ? But which religions ?

Euro MP Alain Lamassoure insists that two methods of retaliation are necessary : the setting up of a common database – Passenger Name Record (PNR) ratified by the European Parliament in April – containing information related to European travellers which will enable jihadists heading for training camps in the Middle East to be detected, and secondly a « European FBI ». These two initiatives would in fact supplement the instruments already in place : the Schengen Information System (SIS), the European warrant of arrest which was used in France after the Brussels terror attacks, Europol and Eurojust made up of prosecutors, judges and experienced police officers with the ability to form joint investigation teams, as for example the Franco-Belgian team. Unfortunately these instruments were unable to prevent the 63 attacks in France, 35 in the UK and 33 in Spain which took place between 2009 and 2013 and which targeted Paris, Copenhagen, Brussels, London and Madrid.

Daech claims responsibility for these attacks perpetrated by cells dispersed throughout the EU and composed of European passport holders, often educated in Europe. Inspired and remotely controlled by Rakka, the attacks are autonomously executed by commando groups in densely populated urban centres. The most recent ones and the manner in which they were planned remind us of their European and even global dimension, while at the same time targeting Paris which has actively participated in the war against Daech.

The European Commission has imposed controls on virtual currency exchange platforms, the abolition of anonymous prepaid cards and more efficient information sharing between intelligence services to combat cases reminiscent of the Panama papers. But what can be done to deal with the ambivalent case of Turkey which is willing to cooperate regarding the migrant crisis in exchange for financial aid, while at the same time waging war on the Kurds and facilitating the trading of oil and arms ? Similar questions are raised in relation to Arab states suspected of supporting Islamists. These observations emphasise how such

contradictory actions are inextricably linked, as well as the conflict of interests demonstrated by the internet giants.

As far as a European FBI is concerned, we should not forget that the powerful American FBI was unable to prevent the 9/11 attacks which were by far the most deadly in the history of terrorism with 2973 dead and 6291 injured. This does not mean that one should rule out the idea of a European federal police force providing the hope of greater security.

Even if the war against the perpetrators of these terrorist attacks is paying off to a certain extent, it will not be enough to counter the ideology in the form of Islamism which is spreading throughout Europe and Africa. This is where appropriate education and dialogue between cultures have an essential part to play. Respect from an early age for different beliefs and cultures, but above all respect for other human beings which can be found to slightly varying degrees in most religions and value systems.

The fight against fanaticism and its recruitment networks also implies an all-out effort to promote ideas and rallying projects in Europe and the Union in opposition to the extremist movements who are against our proclaimed principles. The threats assailing the EU require an overall approach and measures implemented within the framework of a political Union, which is the only means of guaranteeing solidarity and a really joint effort under democratic control. How many more deaths will it take before a political Union is created ?

BILAN, Issue no. 8, 27<sup>th</sup> April to 10<sup>th</sup> May 2016

## The Treaty of Lisbon or intergovernmental temptation?

(excerpt)

### The ambiguous role of the Van Rompuy *task force* on economic governance<sup>1</sup>

A minor obstacle threatens to disrupt this harmony between the two leaders of the Union: in order to facilitate the recovery from the financial and economic crisis, the European Council decided that it would be a good idea to create a *task force* under the presidency of Herman Van Rompuy. Looking at this in more detail, we can see that it involves informal meetings between the Finance Ministers, together with Olli Rehn, Commissioner, Jean-Claude Trichet, President of the ECB, and Jean-Claude Juncker, President of the Eurogroup. Generally speaking, a *task force* consists of either a limited number of relevant Ministers, or high-level experts. To my knowledge, Presidents of States or official organisations do not assume the presidency of a *task force*. On the other hand, the *task force* is taking its decisions and directing its actions based on the conclusions of working groups. Is it right for a senior politician to undertake to chair such informal working groups? Should he not protect his high position and independent choice?

The question is whether the *task force* is encroaching upon the powers of the Commission and whether the intergovernmental method is not seeking to impose itself upon the Community method. Personally speaking, I would have preferred a *task force* chaired by the Commissioner for Economic and Financial Affairs, which was responsible for drawing up a comprehensive anti-crisis programme based on analyses and proposals from the Commission. It should be acknowledged, however, that President Van Rompuy, whose willingness to serve Europe is not in question, is trying to find his bearings by taking various initiatives. He needs to assert himself by showing evidence of dynamism and initiative. However, the fact remains that, to avoid creating an atmosphere of competition or giving the impression of tipping the balance towards the intergovernmental institutions at the expense of the Commission, it would be advisable for any new initiative to be launched in agreement with the Commission President.

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<sup>1</sup> The impact of the financial and economic crisis on the implementation of the new treaty is profound: change in priorities, direct intervention of the German Chancellor and French President, marginalisation of the Commission despite its substantial contribution.

The European Council on 28 and 29 October 2010 demonstrated the tangle of initiatives, which have overall produced some good results. The task force's report was adopted, which was based on the Commission's proposals in numerous respects. The 'reversed majority' is intended to ensure that sanctions are automatically applied to a certain extent, if budgetary deficits and levels of public debt are exceeded inordinately. In principle, sanctions will be applied unless the Council votes to the contrary by qualified majority. President Van Rompuy insisted on the automatic application of sanctions.

The Franco-German driving force, through the impetus of the German Chancellor, has suggested the idea of a 'minor reform' of the Treaty of Lisbon in order to give the anti-crisis fund a permanent and legal basis. The stabilisation fund planned to last for three years must now be included within the Treaty of Lisbon. The Franco-German pairing has succeeded in drawing other Member States into its plan. Aware of the need for a permanent mechanism, all have accepted, with a few grumbles, this step towards economic governance. A dual mandate has been given to the *task force* and to the Commission, which requested this on its own initiative. In actual fact, we now have two road maps, which overlap and complement each other at the same time. On the one hand we have a series of proposals from the Commission: reinforcement of financial surveillance, establishment of anti-crisis mechanisms, but also the relaunch of the internal market and the implementation of the 2010 strategy, together with other initiatives such as the reform of the European budget, the proposal to launch EU project bonds and to increase the resources of the European Stabilization Fund. In short, these are anti-crisis measures coupled with a programme for growth. On the other hand we have a top-level approach, through the mandate given by the European Council to the task force of President Van Rompuy. This approach is the reverse of the Community method, as it starts by consulting the governments and their Finance Ministers. A closer look reveals that this approach is based on the work and initiatives of the Commission, represented within the task force by the Commissioner responsible for Economic Affairs, and also on the contribution of the President of the ECB and the President of the Eurogroup. This approach actually takes a new and complex path, watched over by the President of the European Council. Is this a transitional procedure or will it become more long-term? In the first case, it is justified, whereas, in the second case, it represents a slippery slope towards the intergovernmental method.

The European Council has called for the rapid implementation of legislative instruments. This marks a return to the Community method, which is based on Commission proposals. At the same time, based on a traditional procedure, the European Council has set deadlines so that the Council and the European Par-

liament reach agreement on the Commission's legislative proposals before the summer of 2011.

As for the *mini-reform* establishing a permanent crisis management *mechanism*, the European Council has called on its President to consult its members about preparing a necessary but 'limited amendment', without altering Article 125 of the Treaty on the Functioning of the European Union ('no bail-out' clause). Following approval, the mini-reform consisting of the permanent mechanism could be ratified by mid-2013 at the latest. To speed up the process of establishing this crisis mechanism, would it not be opportune to resort to 'enhanced cooperation'? At the same time, the Council notes with satisfaction that the Commission intends to undertake, in close consultation with the President of the European Council, preparatory work on the general components of the new mechanism to be established, in particular the role of the private sector, the role of the IMF and the very strict conditions imposed on actions carried out under this type of instrument. In this obsession with the crisis and sanctions, have we not forgotten incentives, coordinated development programmes and European investment in infrastructure? Sanctions only make sense if they contribute through incentives to promoting growth and employment recovery. I would highlight the following points: the capacity of the Franco-German pairing to boost recovery, the continued activities of the task force and its President, and the unavoidable role of the Commission and the return to the use of deadlines<sup>2</sup>.

In this procedural mix where the roles of the two Presidents and the intergovernmental and Community methods have become confused, it is difficult and premature to assess the contribution of each one. Although the initiatives are shared between the Commission, the *task force* and the Franco-German pairing, the results with regard to the contents of the European Council decisions are generally positive. The 'weighty' tasks and the preparation and approval of legislative rules come under the Commission's right of proposal and the codecision procedure of the Council and the European Parliament. We can understand why, faced with this complexity, the President of the European Council has stated that the Community/intergovernmental issue is a false problem resulting in a false argument. While respecting the opinion of the President of the European Council, I strongly refute this view. The long experience of the European Community, and the more recent experience of the European Union, confirm the efficiency of the Community method, which is an original characteristic of the European Un-

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<sup>2</sup> Will the German government, followed by the French one, succeed in imposing its model and the *unionist method*? Its new intergovernmental approach is in total contradiction with its traditional European *federalist* behaviour and spirit.

ion. This institutional invention differentiates the European Union from international organisations and associates it with federative-type communities, provided that the balance of powers and institutions is respected. Moreover, it ensures democratic control by the European Parliament of the Commission's activities, unlike the Council and the intergovernmental method, which escape any responsibility before the European Parliament.

Furthermore, the Community method is the only one that allows participatory democracy. When drawing up its proposals, the Commission does not limit itself to questioning governments, but also consults socioeconomic participants. The advantage of a proposal being submitted for Council approval is clear: it places, on the discussion table, a document which presents a view of the European common interest and which takes account of the balance between various national interests and between the large, medium-sized and small Member States. Conversely, intergovernmental procedures are more at risk of being dominated by the large Member States.

In terms of external relations, the example is provided by trade policy, where the interests of the Union are represented by the Commission. In various areas of external policy, this role has been devolved to the High Representative, together with the two Presidents. Using the Community method, making proposals jointly with the Commission and relying on the European diplomatic service, the High Representative can increase the Union's capacity to have an international influence.

In this transitional phase, each initiative and each statement influence European commitment and the activity of various stakeholders. It is therefore essential for the *presidential tandem* to assert itself with determination as the new face and spokesperson of the Union, in concert with the High Representative. This seems to be the aim of the Treaty of Lisbon. Incidentally, each act of President Van Rompuy and President Barroso has repercussions well beyond the sphere of the European institutions and helps, both symbolically and practically, to forge the image of the European Union and confirm its influence among the global players.

### **Open conclusion on the future**

Quite clearly, the new Treaty has made a qualitative leap forward, which is all the more significant as it has occurred at a time when Europe is struggling to pull out of the crisis. Various lessons can be learnt from this test of the Union's solidity. The crisis with the euro and the dynamic core, under pressure from public and private debts, and the risk of a domino effect highlighted by Greece's difficul-

ties are all factors which have called into question the 'irreversible' process of integration and the positive spillover theorised by Haas. The crisis is having a dual effect: it is arousing national interests, while necessarily imposing common solutions. As in the past, the need and the desire for Europe are stronger than the trials and tribulations of globalisation and the external shocks or internal tensions.

Multiple collaboration networks and intense communication in particular by means of internet are in turn helping to maintain the rhythm and progress, albeit fluctuating but steady, towards more Union. In this complex context, the Community or federal method, combined with the new means of communication and governance, ensures the *independence* of the Member States, regions, towns and local authorities in interaction with other social players, at the same time as it ensures their participation by reinforcing the Union. In this environment, the Commission is intended to listen to the diverse voices and opinions, develop guidelines and identify common objectives. However, it will still need to perform its role to the full.

At this point in time, we can only say that the new Treaty is continuing, with a few exceptions such as the forming of a dominant core, the quest for an unprecedented European federation. However, only its operation in practice will allow its effective contribution to the federative future of the European Union to be assessed. Quite clearly, the Treaty of Lisbon offers new instruments, which, if used to the full, are bearers of high hopes and a sign of Europe's great ambition. Since the beginnings of the ECSC, the High Authority and then the Commission of the European Community followed by the European Union have highlighted the irreplaceable role of this independent institution, which is the European driving force of the integration process and the guarantor of the common treaties and rules. It is the key institution which, together with the European Parliament and the Court of Justice, and with the support of the European Council and the Council, has responsibility for promoting the public interest in a European context. The Treaty of Lisbon offers new means that are currently being run in and whose full use, in the spirit of the Community method, will be decisive if the Union is to progress towards an unprecedented form of European federation.

BUREAU OF EUROPEAN POLICY ADVISERS  
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2011





## The Lisbon Treaty in the financial and economic turmoil

(excerpt)

### The European Union trapped by the financial crisis

*Assessment of the decisions and indecision adopted in the face of the crisis*

The financial crisis represents a severe test for the new Treaty. The response has been slow, piecemeal and on a case-by-case basis. At a time when financial, economic and social crises are striking one nation after another in the euro area, these countries as well as the other Member States are in urgent need of an act of total commitment, an unflinching and immediate undertaking. This is the only response possible to the "default scenario", even if planned in the case of Greece. A strong signal of solidarity sent out to the people and the financial markets is likely to restore confidence and put an end to the *vicious circle of speculation*. Europe needs a grand design, a clear sense of vision and strategy based on a political strength of will which unequivocally attests to European solidarity, rather than the faltering measures and imposed compromises undertaken to date. This is the price to be paid in order to pull out of the crisis, boost the economy and employment and entertain the prospect of dynamic growth.

While waiting for this sudden burst of solidarity, the domino effect is underway and the public deficit and debt crisis which is leading to speculation, unemployment and social unrest, is striking the most vulnerable countries, without even the large Member States being safe.<sup>1</sup> Consequently, after Greece and Ireland, Portugal called upon the Union for help, the next in line being Spain and perhaps Italy, followed by Belgium and not excluding France. A threat is hovering over the euro area, the very core of the European Union. As regards regulation, a step has been taken in the right direction through the Commission's proposal to adopt four European Authorities to supervise markets and forecast systemic risk.<sup>2</sup> Scepticism about the Union's ability to help Member States which are particularly at risk is gaining ground: if the Union is not in a position to efficiently provide aid to Greece (2%), how will it be able to come to the rescue of those countries such as Italy and Spain which represent approximately 1/3 of the total

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<sup>1</sup> The economist Nouriel Roubini warns about the risk of the markets' mistrust of France's public debt, *Le Monde*, 14th December 2010.

<sup>2</sup> European Systemic Risk Board (ESRB), European Banking Authority (EBA), European Insurance and Occupational Pensions Authority (EIOPA), European Securities and Markets Authority (ESMA).

GDP of the euro area? In the meantime, the financial crisis may well spark off social unrest. The violent demonstrations in Athens, Dublin, Rome and Madrid are examples of a warning being sent to European governments and institutions, as well as to the G-20.

Although the Treaty of Lisbon was drawn up at the start of the financial crisis, it does not include any provisions to counteract the crisis. It was only after having resorted to last-minute, sparing rescue plans that the European Councils of 29 October and 16 December 2010 decided to replace, as of 2013, the two existing temporary mechanisms, the European Financial Stability Facility (EFSF) and the European Financial Stabilisation Mechanism (EFSM), with a permanent mechanism to safeguard financial stability. The Treaty of Lisbon is to be revised in order to provide this mechanism with a solid legal basis.

On top of this barrage of declarations and viewpoints, which are often contradictory, there is the debate on the financial capacity of the European Financial Stability Facility (EFSF). According to Jean-Claude Trichet and the Belgian Minister of Finance Didier Reynders, who was the Council's President during the second semester of 2010, the facility's resources ought to be doubled, failing which they should at least be substantially increased. This opinion is rejected by Eurogroup President Jean-Claude Juncker, by the CEO of the EFSF Klaus Regling, as well as by the German Chancellor's predominant voice, adhered to by France. Their opposition has done nothing but delay any decision concerning an increase in the EFSF's financial capacity and in its flexibility to intervene.

Other voices can be heard advocating an idea already put forward some time ago by Jacques Delors regarding the issuance of *eurobonds*, supported by Jean-Claude Juncker, Giulio Tremonti and Tommaso Padoa-Schioppa. The aim of this initiative is to send out a clear signal to the markets of the "irreversibility of the euro". In order to counter this idea, Chancellor Angela Merkel has put forward two arguments, namely the competition between interest rates and the incompatibility of *eurobonds* with the Treaties. One should not forget that this method of pooling European debt, even if only partially, would result in an increase in German interest rates, which are currently the lowest, while at the same time being of benefit to countries such as Greece, Ireland, Portugal, Spain and Italy which borrow on the markets at extremely high rates. According to Jacques Delors, *eurobonds* could serve another purpose: the funding of extensive work on European infrastructure, European research and education projects, as well as industrial cooperation programmes. The Commission has carried out a study on this idea. Apparently, it has numerous supporters, including several Member States and also the European Trade Union Confederation (ETUC). Other initiatives are either being examined or discussed: a tax on financial transactions, tax on car-

bon emissions, etc., which are likely to help boost the European economy. There is no shortage of new ideas, however the 17 members lack the political will to transform their words into actions and thereby prove a sense of European solidarity.

According to Paul De Grauwe, the unusual case of Greece does not explain the debt crisis in other euro area countries, which was triggered off by the excessive amount of private debt. It is worth remembering that between 1999 and 2008 – the year that the financial crisis erupted – household debt rose from 50% to 70% of GDP, while bank debt soared sky-high to over 250% of GDP in 2008. His assessment is clear: the financial markets were guilty of a lack of discipline, whereas the governments accepted responsibility for rescuing the banks and the financial system. This led to the excessive rise in public debt. In Paul De Grauwe's opinion, the rigorous mechanism imposed by Germany is based on a wrong diagnosis which is the cause of some concern. Paradoxically, Germany is endeavouring to impose its model of budgetary discipline, whereas it is not even able to make all the Länder and local councils within Germany comply with this model. Indeed, following the example of Wuppertal and North Rhine-Westphalia, certain more indulgent Länder have become overburdened with deficit and debts inherited from the prosperous times or in line with the needs of social expenditure. The federal government has offered assistance on condition that certain measures are imposed. Proposals have been put forward for more drastic reforms, but a real reform would seem to imply "dramatic" changes in the federal system.<sup>3</sup> North Rhine-Westphalia, which alone represents approximately 20% of Germany's GDP, has experienced a 40% increase in its debt from 123.3 to 173 billion euros.

While waiting for a sudden burst of solidarity, some analysts wonder whether a prerequisite for the granting of financial aid to a State should be that previously the latter is declared to be almost bankrupt. According to the economist Thierry Malleret, the cost of non euro is too high to be seriously considered.<sup>4</sup> Since the crisis broke out, the European Commission has introduced a series of directives to supervise the functioning of the markets, banks, hedge funds, rating agencies, followed by numerous projects such as the proposal to increase the transparency of stock markets. In a nutshell, it has tackled the problem of restoring order to

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<sup>3</sup> *The Economist*, 23 April 2011 : « Hundreds of mini-Greeces ». According to *Le Monde* of 23 February 2011, German debt increased by 18 % in 2010 : the federal State with 1284.1 billion euros (+ 21,9 %) followed by the Länder with 595.3 billion euros (+ 13 %) and the cities with 119.4 billion euros (+ 4,9 %).

<sup>4</sup> "The cost of non euro", *Informed Judgement*, January 2011.

the financial markets.<sup>5</sup> Hasn't the time come to present a clear and coherent overview of the situation to European citizens and to the markets, in order to put an end to the uproar and lack of unity? The next step towards a federation would involve providing a guarantee for the whole of the eurozone.

One should not forget that after the Maastricht Treaty created the economic and monetary Union, its twin, the economic Union, was neglected. Moreover, the Maastricht Treaty's legal provisions for excessive deficit were contravened initially by Germany and France. For a long period, the efforts to coordinate economic policy and the proposals for economic governance, first introduced by Jacques Delors and taken up again by subsequent French governments, came up against German reluctance. Yet in order to consolidate monetary Union, economic Union, which is its other half, must urgently be implemented. Efficient *economic governance* and a merging of economic policies, supplemented by *fiscal and budgetary union* as proposed by the President of the ECB, and referred to in other terms by the French President and German Chancellor, are all initiatives requiring a general political resolution which also includes a mechanism for preliminary examination of draft budgets and supervision of the implementation of this uniform system. In most cases, these initiatives will need to follow the community path in order to develop into a ruling and directive. At this point, the Commission resurfaces and begins the codecision procedure. Which leads us to the question of the intense time-lag between decisions taken by the financial markets and decision-making on the part of the European institutions. In order to act effectively, perhaps provisions should be made for exceptional procedures to speed up decision-making in the form of community decrees.

The example of initiatives dictated by national interests and the ineffectiveness of measures taken by a Member State or a group of Member States highlights the inherent defects of the intergovernmental method. It is my firm belief that this method tends to intensify the impact of national interest and neorealism, to strengthen the domination of large States to the detriment of small and medium-sized States and, consequently, of the public interest and general balance. Using this approach, negotiations are based on divergent initiatives which generally lead to a decision imposed by the large Member States, or to an incoherent decision, or to a watered-down compromise. On the other hand, the innovation of Jean Monnet is the effectiveness of the community method.

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<sup>5</sup> The European System of Financial Supervisors (ESFS) includes : European Systemic Risk Board (ESRB), European Banking Authority (EBA), European Insurance and Occupational Pensions Authority (EIOPA), European Securities and Markets Authority (ESMA) and "Omnibus" Directive.

*Greece, the Achilles' heel of the eurozone*

Greece has suffered the shock wave of the crisis, putting European solidarity to the test. The Greek crisis broke out following the discovery by Papandreou's government of the immense scale of the public debt and deficit, buried beneath fudged statistics. It escaped the notice of Brussels, Eurostat and Basel, or at least did not give rise to any preventive measures. Everyone recognizes that this situation is peculiar to Greece and that it is due in particular to large-scale tax evasion, corruption, an excess of civil servants and an inordinate amount of state-owned companies. The response has been as drastic as the crisis itself: severe austerity measures and reforms subject to strict conditionality and community sanctions. While the European Financial Stability Facility was being set up, the question arose as to whether this fund would be used as an active instrument, even "proactive", or whether it would be a reactive mechanism serving as a last resort in a crisis situation. This issue was looked into by Tommaso Padoa-Schioppa in collaboration with other economists<sup>6</sup>. They insisted on the need to activate the fund to enable financial aid to be given to countries which have fallen prey to high budget deficits in their fiscal adjustment efforts.<sup>7</sup> According to Tommaso Padoa-Schioppa, tough fiscal retrenchment may well plunge Greece as well as Ireland and Portugal, with repercussions in other eurozone countries, into a depression which could trigger off a deterioration in their budgetary situation and a shortfall in growth.

Rather than demonstrating a show of solidarity, the German Chancellor has advocated discipline under the threat of sanctions, while at the same time restricting herself to a waiting game. She is in a position where she is sandwiched between, on the one hand, the need to rescue Greece and defend the euro, and on the other the constraints of domestic policy under pressure from public opinion fuelled by the media. Abounding criticism of Greece has created a "media war", accompanied by lessons on good management of public finances. It took three months of indecision for the leaders of the eurozone, with Germany at the helm followed by France, to realise the necessity of bailing out Greece in order to avoid contagion. By acting quickly, in a unified manner, many setbacks and risks could have been avoided, whether it be loan-shark interest rates imposed on Greece by the markets, or draconian austerity measures which are at the root

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<sup>6</sup> Article in the *Financial Times* by Peter Bofinger, Henrik Enderlein, Tommaso Padoa-Schioppa and André Sapir, 28 September 2010.

<sup>7</sup> Tommaso Padoa-Schioppa : *The determination of a Euro's architect in the face of crisis*, Notre Europe, March-December 2010.

of the economic and social crisis and of violent social movements. Moreover, it is difficult to assess the cost of delayed action and restrictive conditions, without forgetting the psychological "collateral" damage and the revival of nationalist feelings. On the other hand, it is obvious that this manner of managing the Greek crisis has created divisions within the governmental majority and strained relations with the opposition; doubts have arisen about the cohesion of the eurozone and the tendency is to deal with each crisis separately, often in an overdue and inadequate manner, instead of adopting an overarching approach marked by unity.

The members of the eurozone contented themselves with providing for an inter-governmental *European Stability Mechanism* as of 2013, equipped with an effective lending capacity of approximately 500 bn euros. The aim is to preserve financial stability in the whole of the eurozone.<sup>8</sup> Of course, particular attention will be given to coordinating fiscal policies. Yet doubts remain about the capacity of the ESM to provide a global solution: do its credit guarantees measure up to the extent of public debt? Instead of taking preventive action, it is only supposed to intervene when a State is already struggling with the final stages of a crisis. The main emphasis is on conditionality and austerity coupled with sanctions, with virtually no importance attached to incentive measures to stimulate growth and employment.

As far as the Commission and Greek government is concerned, they have applied themselves, in collaboration with the Bank of Greece and private Greek banks, to developing an instrument designed to aid small and medium-sized companies and start-ups. For every euro funded by the Commission, the private banks will provide 2 euros. In addition to this initiative, other measures include European aid for regional development and a new law on foreign investment which aim to support economic recovery and employment. At the same time, the guidelines and in particular the initiatives proposed by the European Council of 24 and 25 March 2011 call upon the Commission to intervene. This is a turning point which marks the Commission's return. Undeniably, the Commission has a key role to play regarding the development and implementation of concrete actions. This policy initiated by the Commission is a positive change of direction in the handling of the crisis. Could it be a sign of the revival of the community method?

The eurozone crisis is likely to trigger off a crisis in the whole of the European Union. As pointed out by Mario Draghi, the new President of the European Cen-

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<sup>8</sup> European Council conclusions of 24 and 25 March 2011.

tral Bank, default by Greece, Ireland and Portugal would have systemic effects. He has warned against the “systemic fallout” of the public debt crisis: “in the eurozone, the sovereign debt crisis in three countries, which together represent 6% of the area's GDP, has the potential to exert significant systemic effects”. In his opinion, the eurozone “is facing its most difficult test since it was created. European surveillance over national budget policies, which was weakened in the middle of the last decade on the initiative of the three biggest countries, showed itself wanting just when it was most essential”.<sup>9</sup> A return to budgetary discipline should be coupled with a clear assertion of the Union's solidarity consisting of preventive measures.

Undeniably, the euro has become a major currency used to carry out more than a quarter of the world's total trading activity. Consequently, the European Union, and in particular the eurozone, have a certain responsibility towards the whole world. A new, common show of enthusiasm would enable the Union and its federal core, namely the eurozone, to get back on the path towards the goal of European integration. This political choice implies the immediate introduction of *economic governance* and, in the long term, of a political Union in accordance with the proposal put forward some time ago by Wolfgang Schäuble, current German Minister of Finance<sup>10</sup>. Inspired by the spirit of this proposal, the European institutions and Member States would declare their desire to commit themselves wholeheartedly to the creation of a European federation based on the Treaty of Lisbon. This is the price to be paid for stability and growth, as well as a return to prosperity. Obviously, the very survival and future of the European project is at stake.

### **The comeback of the community method ?**

Despite the efforts of the Heads of State and Government of the euro area at the Council meeting of 21 July 2011 and the Franco-German summit in Paris on 16 August 2011, the euro area is sinking ever deeper into the crisis. Repeatedly falling share prices, reservations about the solidity of French banks and the standstill of growth in the euro area are adequate proof of this. We must face the

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<sup>9</sup> *Le Temps*, 1 June 2011.

<sup>10</sup> Wolfgang Schäuble in collaboration with Karl Lamers, *Reflections on European Policy*, CDU/CSU parliamentary group, Bundestag, Bonn, 1 September 1994. These reflections state the need to reinforce the federal core of the European Union and to transform the Commission into the Union's government.



facts: the measures taken over the last few years do not measure up to the challenges set by the financial markets or the economic actors and consequently do not suggest that we will soon find a way out of the crisis. On the contrary, steps are taken bit by bit, proving to be inadequate simply aimed at bailing out countries on the verge of bankruptcy. The reactions of those responsible for the euro area are both overdue and insufficient, allowing speculators to attack one country after another.

These wavering, piecemeal moves are a far cry from the idea of European solidarity within the euro area. The last European Council meeting was devoted almost exclusively to Greece. It was only in their final statements that the Heads of State and Government defined the following four-point objectives: *economic governance*, the importance of the *legislative package* proposed by the Commission and being discussed in the European Parliament, the setting up of *budgetary frameworks* and the proposal to create a *European credit rating agency*. Finally, they invited the President of the European Council, in close consultation with the President of the Commission and the President of the Eurogroup, to make concrete proposals on how to *improve working methods* and enhance *crisis management* in the euro area. Could this be an admission of the failure of the intergovernmental path followed up until now?

During the Franco-German summit at the Elysée Palace on 16 August 2011, President Sarkozy and Chancellor Merkel proposed electing the European Council President as leader of the eurozone at the level of Heads of State and Government. This proposal confirms a subtle insistence on the increased powers of the President of the European Council and a shift towards the intergovernmental tack. It tends to break the institutional balance in favour of the governments of the large Member States and, in particular, the Franco-German pair. How can this Council of national leaders, which only meets four times a year, "govern" without the support of the Commission? In order to maintain the balance between governmental power and that of community institutions, the presidency or co-presidency of the Council of Finance Ministers should be assigned to the Commissioner in charge of economic and financial affairs. This would be an initial step towards the type of economic government formerly proposed by Wolfgang Schäuble.

This rebalancing is necessary due to the Commission's ability to make proposals which represent the general interest of the eurozone and of the European Union. Its dynamic role is confirmed in particular by the large programme of adopted or proposed guidelines aimed at regulating the financial market, controlling financial

institutions and proposing preventive measures<sup>11</sup>. Moreover, as an autonomous institution the Commission is invested with the right of initiative and is *alone answerable to the European Parliament*. If we wish to maintain this mechanism of parliamentary control, the Commission should be reassigned its role at the centre of the European village. European democracy is achieved through the Commission and the codecision of the Council and the European Parliament.

The uninspired result of the meeting on 16 August 2011 provoked a large sense of disappointment. The German Chancellor's reticence has accentuated the discrepancy between the expectations of financial and economic actors, or even of European citizens, and the proposals made at the summit. The losses suffered by the European stock markets reflect this feeling of disappointment. Political and economic players who had hoped for a strong signal of European solidarity have been disappointed which has provoked negative reactions within the euro area.

Right at the start of the crisis in 2010, which was originally marked by the Greek crisis, there were obvious demands for a show of solidarity. And yet acts of procrastination, vetoing by the German Chancellor, followed by sparing measures, have done nothing but intensify the financial and psychological cost by undermining confidence and allowing the contagion to spread within the euro area. After a long period of hesitation, the European Council adopted the decision to enhance the lending capacity of the European Financial Stability Facility (EFSF) and increase the flexibility of the rules governing its intervention by allowing it to carry out preventive measures. This positive point is pending approval by national Parliaments – yet more proof of the inadequacy of the instruments provided by the Treaty of Lisbon to deal with a major financial and economic crisis.

#### *The comeback of eurobonds*

The idea of *eurobonds* is one that has slowly been gaining popularity. Their issuance would ensure the "irreversibility of the euro", and at the same time they represent a vital supplement to the EFSF. The advantages of eurobonds are obvious: apart from affirming a strong sense of solidarity, they would secure extensive funding for investment in buoyant sectors likely to boost sustainable development: extensive work on European infrastructure, European research, education and training projects, as well as climate-energy and industrial coop-

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<sup>11</sup> Michel Barnier, « *Cinq clés pour une gestion européenne de la crise. Il faut rétablir la confiance en faisant preuve d'unité* », Le Monde, 21-22 August 2011; see the table of this whole group of measures presented by the Commission.

eration programmes, in particular in terms of research and innovation, regarding large, small and medium-sized businesses. Today the Commission, as its President declared in the European Parliament, is examining the possibility of adopting eurobonds, in spite of Chancellor Merkel's reluctance and President Sarkozy's indecision. Mrs Merkel is worried that this operation will be costly for Germany. As far as the French President is concerned, he believes that eurobonds should be introduced during the final stage of economic integration and advocates first and foremost establishing European governance.<sup>12</sup> Indeed, the approach adopted by the Franco-German pair does not seem to be in line with the prospect of European integration.

The fact remains that the idea of *eurobonds* is gaining ground amongst governments, economic actors and the general public. The German government as well as the coalition parties in power are divided on this issue, whereas the opinion of exporters has been clearly voiced. Indeed the President of the German Foreign Trade Association (BGA), Anton Börner, believes that "we need eurobonds with a German signature. Strict conditions must be applied within the eurozone: the anchoring of debt-brake legislation in the constitutions of all eurozone countries, the modernisation of administrative services, increased flexibility of labour markets, massive investment in training. Tax increases should no longer be frowned upon. At the end of the day, all alternatives to the eurobonds would end up costing us more money." As for German Finance Minister Wolfgang Schäuble, a confirmed European, he is opposed to the introduction of eurobonds as long as Member States continue to operate their own fiscal policy. We need *economic governance* and European supervision of national expenditure, in other words a sort of *budgetary union* combined with strict coordination of fiscal policy, the first step towards *fiscal union*. Once these requirements have been met, the path would be clear for eurobonds. The global threat of the crisis calls for a collective European response. Obviously, in order to be effective this response must be composed of a *package of consistent measures*, including the creation of economic governance, a budgetary framework safeguarding certain elements of *fiscal union*, as well as the *legislative package* proposed by the Commission and adopted by European Parliament-Council codecision on 28 September 2011. The only hope for a rapid way out of the crisis is a coherent series of measures, supported by the action of the European Monetary Fund and supplemented by a programme to boost the economy financed by eurobonds, a sort of *European*

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<sup>12</sup> An ambiguous concept as long as its content has not been precisely defined. It is worth mentioning that Mrs Merkel prefers the term economic cooperation to economic governance.

*New Deal.* All the more so since the debt crisis has spread to Italy, proving that the EFSF does not have the capacity to help the third economy of the eurozone. Moreover, such an ambitious European project would put the Union back on track towards an unprecedented European federalism.

#### *An enormous European debt market*

Financial Times economist, Martin Sandbu, suggests that the lesson to be learnt from the US and Japanese experience is that euro obligations should be issued<sup>13</sup>. Eurobonds would make a lasting impression by creating an enormous sovereign debt market comparable in size to the US and Japanese markets. The US and Japanese example proves that the advantages of pooling the debts of all eurozone countries would far outweigh the costs, creating a debt market of a size to rival those of the US and Japan. He points out that in spite of the fact that the US has been stripped of its triple-AAA rating, US bonds have not lost any of their popularity. As far as Japan is concerned, paradoxically the country with the highest public debt (200% of GNP) issues bonds with the lowest yield in the world (1% over 10 years). The large size of these two debt markets underpins their borrowing power. The total stock of US government securities is 6,600bn euros and for Japan the figure amounts to 7,900bn euros. By comparison, eurobonds would create a market worth 5,500bn euros. According to Martin Sandbu, the European debt market would be backed by governments that together owe less debt, run a lower combined deficit and have greater tax-raising capacity than the US and Japan. Moreover, he maintains that European states, on an individual basis, pay higher yields than they would by creating a single, common market. In this way, the European market would become much more attractive for investors and much less vulnerable to panic than nationally fragmented markets. The creation of this large eurobond market would free up new financial resources which could be used, amongst other things, to form a European Fund for growth and competitiveness.<sup>14</sup>

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<sup>13</sup> « Europe need not wait for Germany », Martin Sandbu, *Financial Times*, 17<sup>th</sup> August 2011.

<sup>14</sup> These funds are mentioned in a letter from President Sarkozy and Chancellor Merkel to the President of the European Council on 17 August 2011. Objections raised by the Germans and four other eurozone countries could be circumvented, according to Martin Sandbu, by resorting to enhanced cooperation while waiting for the German government to change its mind.

Opposition by the German government is mainly due to the calculated cost of expenditure, to the constraints of domestic policy and the absence of a more long-term vision of the benefits which would result from eurobonds for the German economy and at the same time for the eurozone and the whole of the European Union. Let's not forget that the German economy's buoyancy is based on the strength of its exports rather than domestic consumption. Consequently, any fall in exports will cause growth to slow down, as shown by the low rate of 0.1% registered during the second quarter. And the main market for German products is the common European market (63%), of which the eurozone accounts for 43%. The importance of the European market for German exports is illustrated by the examples given by President Barroso in his speech on « The State of Europe » in Berlin on 9 November, 2011 : « ...in 2010, Germany exported more goods and services to the Netherlands (around 15 million inhabitants) than to China, to France than to the US, to Poland than to Russia, to Spain than to Brazil, to Hungary than to India. In the same year, Germany exported almost five times as many goods to the rest of the European Union than it did to the BRICs countries altogether (China, India, Russia, Brazil, all of them). Its imports from the BRICs countries stood at just 20% of those from its EU neighbours ». It is also a market which benefits from a solid legal basis and is founded on strong mutual dependence within the European Union. Moreover, this crucial advantage of European integration, a single market of 500 million consumers, offers maximum long-term security for intra-community trade. Obviously, the financial crisis, which is threatening to take hold for a long period, is having a direct effect on German exports. At present, various factors are involved: excessive austerity measures, a drop in growth followed by a rise in unemployment, mistrust concerning the strength of European banks, the contagion which is spreading due to economic cross-pillar activity in the eurozone, so many factors which have a decisive influence on the level of consumption, and consequently on the import of goods from European partners and from the largest exporter, namely Germany. Therefore, how can one hope to stamp out the crisis using instruments which have proven to be inadequate?

#### *A global approach*

These numerous, diffuse elements require a pooling of resources. It is the Commission's responsibility to present an overall emergency programme. Since the start of the crisis, the Commission has made a succession of analyses and proposals. Isn't it time for the Commission and its President to take full responsibility for their role as leader of the European Union and to take the necessary steps to combat the challenges with which Europe and the world are confronted?

The President's *Report on the state of the Union* to be presented to the European Parliament, is an opportunity to inform MEPs of the Commission's *global Plan* which includes *regulation* of financial transactions, budgetary discipline, the means of combating the crisis, the issuance of eurobonds and the conditions of efficient governance. The purpose of this *package*, presented as a *European New Deal*, would be to breathe new life into the eurozone economy, as well as that of the whole of the European Union and to reverse the current pernicious trend. It would outline a global vision of the economic and political future of the European Union.

***By way of conclusion...***

***Ingredients of a European vision***

What are the main points which emerge at the end of this period marked by the simultaneous occurrence of the running-in of the Treaty of Lisbon and the ravages of the crisis? In these conditions, does the Treaty still hold out hope for progress along the federalist path? Or has the impact of the crisis revealed the shortcomings of the new Treaty, of which the provisions inspired by federalism are likely to be swept away by the financial tsunami? Amidst the confusion and the tremors sparked off by the chaotic movements of the markets and the mass sense of panic, can we start to see signs of a way out of the crisis and a revival of the integration process?

Undeniably, the crisis has exposed the indecisive and unpredictable functioning of the Treaty of Lisbon caught between its innovations and the temptation of a reversion to the intergovernmental method, which has been encouraged by the defensive reactions to counter the crisis. Nevertheless, it is the crisis which has gradually proven the irrefutable necessity of the community method, which alone will allow a common, coherent strategy to be formulated and applied. This is my firm conviction.

The strong de facto solidarity and inextricable mutual dependence between the members of the eurozone, in particular, became obvious from the onset of the Greek crisis through the risk of contagion. Meanwhile this solidarity is gradually taking precedence over a defensive attitude which is more a response to the constraints of domestic policy than to the European public interest. The Franco-German pair, swept along by Germany, also fell prey to the failings of such an attitude. Obsessed with budgetary austerity and public debt, it has taken a long time to try and promote a balance between the necessary budgetary discipline and the necessity of growth. Yet while declaring her firm commitment to the

euro, Chancellor Merkel refuses to have recourse to eurobonds. How long will she be able to withstand pressure from the opposition and from German exporters? Amidst all this indecision and procrastination, it is up to the Commission to complete its legislative proposals and initiatives and to present them in a coherent form which can easily be understood by European citizens. But above all, the Commission is expected to fill the current vacuum by resuming its function as the community institution in charge of defining and promoting the European public interest. In this capacity, the President of the Commission has the duty to present, in the name of the College, the *action plan* consisting of the *European New Deal*. This is the price to pay to emerge from the crisis and boost the economy and employment.

The only way to achieve this large-scale initiative is by having recourse to the community method and appealing to complete European solidarity. This approach implies the creation of a *real economic government* composed of the Council of Heads of State and Government of the euro area presided over by the President of the European Council. This Council of leaders will be responsible for defining political direction acting on proposals made by the Commission and the Council of Finance Ministers of the Eurogroup co-chaired by the competent Commissioner. This suggestion could be studied by the three Presidents entrusted by the Council of 21 July 2011 with the job of improving working methods and reinforcing crisis management in the eurozone. Doesn't this amount to an official recognition of the limits and shortcomings of the intergovernmental method?

Evidently, in order to get round the inertia of the decision-making processes which correspond to situations in periods of non-crisis, it is imperative to revise the current procedures which are governed by the unanimity rule which requires ratification by all seventeen national Parliaments. Two rectifications should be enforced: establish qualified majority voting and ratification by the European Parliament, that is to say by MEPs of the eurozone.

Moreover, having learnt a lesson from the crisis, the three Presidents could suggest that an *ad hoc mechanism* is set up to allow the rapid adoption and immediate application of "European decrees" which would subsequently be submitted to MEPs within the year. This is an *emergency procedure* practised by the Swiss Federal Council and which enables it to respond effectively to market demands. Such a mechanism would be a way of filling the gap between the immediate reactions of the market and the delayed response of the European authorities. For this purpose, it would be useful to follow the example of the ECB in providing support to afflicted countries.

By bringing the crisis under control and thereby safeguarding its own future, the European Union will strengthen its influence within the G-20 and assert its legislative power. In this way, it will be in a position to assume its role as an innovator at a global level. At the same time, it will be able to fulfill its responsibilities as the largest commercial and economic community in a world in which mutual dependence is increasing. Failure by the European Union to manage the crisis would trigger off a worldwide domino effect. This is proven by the United States' eagerness to promote a European upturn, by the fact that BRIC have offered their assistance, and by the wave of anxiety which has hit countries in Asia, Latin America and Africa.

In order to meet the expectations of the whole world and rekindle hope amongst its people, the European Union as well as the eurozone have the duty to embark courageously on the road towards European federalism.

L'EUROPE EN FORMATION, n° 362, winter 2011, pp. 15-28<sup>15</sup>

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<sup>15</sup> Original title: "Le traité de Lisbonne sur la voie fédéraliste?" (pp. 5-29)





## **COUNTERING THE THREATS**



## **Why is the Union in urgent need of a political core?**

Contribution to the 60<sup>th</sup> anniversary of the Treaties of Rome  
(25<sup>th</sup> March 2017)

### ***Europe swept up in the turmoil of world events***

After a period of U.S. hegemony through its role as a “superpower”, the world has shifted towards a new multipolar distribution of power. Our high tech civilisation is prey to two opposing forces: the attraction towards globalisation as a result of the technological revolution, and the reaction against it due to cultural, national and regional particularities. At the same time, we are seeing the emergence of new superpowers such as China, India, Japan and Brazil, as well as Russia’s desire to regain its position as a major power, of which it had been stripped after the collapse of the Soviet Union. Hence its military intervention in Georgia, followed by the deployment of its air force in Syria, its reclaiming of Crimea and involvement in the civil war in Ukraine. Russia will clearly do whatever it takes in the face of the marginalisation which the United States has inflicted on it by excluding it from the G8 and strengthening its presence in neighbouring countries.

### ***Franco-German synergy***

Regional conflicts have been rising since the invasion of Iraq which both France and Germany refrained from getting involved in. The world has entered a new phase of chaos where the rule of force is becoming stronger than the law. What role should fall to the EU, a major economic power yet still without shared political sovereignty ? After Brexit, France is the only country left equipped with those sovereign powers which Germany, a major economic power, is lacking. Two complementary Member States destined to assume the role of the driving force of the Union. France has a permanent seat on the Security Council, a nuclear deterrent as well as conventional military strength, and as such is the leader in matters of defence. In turn, Germany is the dominant economic power in Europe and wields superior influence within the Eurozone. If the Franco-German couple were to pool their strengths, they would act as a magnet within the Eurozone and also within the Union of 27. Yet each of them seems to take pleasure in exercising its power unilaterally. France engages in military action in Mali without previous consultation and subsequently asks for the Union’s support. As regards migration, Germany signs an agreement with Turkey which the Union ratifies

although deeply divided on the question of migrants, and thereby finds itself at the mercy of the Turkish President.

### ***Striking the balance between freedom and security***

Another external threat we are facing is a « conflict of civilisations and religions » which aims to legitimise the terrorist attacks committed in Europe and attributed to Daesh and other Islamist groups. The Arab Spring as well as Great Britain's and France's military intervention in Libya are largely to blame for the region's destabilisation and the outbreak of conflicts which have led to an influx of refugees. These interconnected conflicts have escalated through the use of state-of-the-art means of communication and weapons, including some of the most sophisticated that exist. In this chaotic and uncertain world, the unpredictable nature of the current US President is only adding to the risk of a large-scale conflict.

In response to the danger of jihadist terror attacks, the Union has created a common database containing data of passengers travelling in Europe – *Passenger Name Record (PNR)* – and has a system which allows information to be checked and exchanged within the Schengen Area which it is working on to improve. As for the European arrest warrant, it has been used by France as well as cooperation between Europol and Eurojust which bring together prosecutors, judges and experienced police officers and authorise the formation of joint investigation teams of which the Franco-Belgian team is a perfect example. To this end the European Commission has enforced monitoring of virtual money platforms on the internet, the abolition of anonymous prepaid debit cards and more effective exchange of information between intelligence cells. This situation clearly illustrates the complexity and the European, indeed global dimension of the issue of security. Which raises the question in democratic societies of the balance between freedom and security, particularly since Europe is often in a state of alert.

Moreover, the equivocal actions of some States in the region secretly serve to support ISIS which in addition has access to the internet giants. The war against Islamic fanaticism does not only rely on enhanced security but requires a long learning process, from one's early childhood, with regard to mutual respect of others without discrimination, the democratic practice of discussion and dialogue between cultures at every level, both inside and outside Europe. And also re-

spect for different beliefs and appreciation of one's fellow men. Moreover these are the values upheld by most religions which espouse the message of peace. The fight against the recruitment networks of suicide bombers and those preaching war on our civilisation, requires widespread mobilisation of peoples, individuals, ideas and projects, of the entire Union and its Member States, right down to the regional and municipal level. Pluralism of opinions, of parties, of the media, in accordance with our values and democratic principles, underpins our European heritage which every newcomer is called upon to integrate into their daily lives if ageing Europe wishes to cope with the influx of migrants which it needs. This concept is also the best cure for the extremist, nationalist and populist currents which represent an imperceptible and brutal threat undermining the cultural fabric of Europe. A blueprint for civilisation inscribed in the EU's Charter of Fundamental Rights, which it is called upon to implement and ensure it is respected by others in order to safeguard the future of Europe.

### ***Relations with Russia***

What part is to be played by the European Union in this situation which may spiral out of control? Divided and weakened, is it capable of pleading the case for peace and dialogue between cultures? Hasn't the time come to strengthen the Union to enable it to react to the numerous dangers to which it is exposed? And to protect its citizens against the fear of migrants and terrorists which incites them to withdraw into themselves, to bring back borders and erect walls?

With this aim in mind, the Union's policy towards Russia is a problem which needs to be reexamined. In the 1990s President Mitterrand proposed a confederation between the European Union and Russia, which was highly motivated to enjoy closer relations with the EU. This proposal was abandoned due to opposition from those countries recently freed from communist rule but which still bear lasting marks of their Soviet past. What should be our attitude towards Russia, a geographical neighbour which shares our European culture based on our heritage passed down from Ancient Greece, from Rome and from Christianity? In 2008 the Commission set up the Eastern Partnership without including Russia, despite the fact that together with the EU Russia would have been able to ensure the smooth functioning of the Partnership. In a new world order rocked by Trump's unpredictability, wouldn't it be wise to make efforts to rebuild peaceful and stable relations with the Union's neighbourhood, and in particular with Russia?

### ***European defence and foreign policy***

In today's world full of unforeseeable dangers, the Union, which is a major economic power as well as a creative cultural hub, nevertheless suffers from the absence of a common European defence and foreign policy. There is no lack of proposals yet they remain in the planning phase. Therefore Italian leaders have invited those Member States who so desire to create a "Schengen for European defence". France does not want to be left out, particularly since it is the EU's major military power and as such should run this project together with Germany and Italy. We mustn't forget the lesson learnt from the EDC as well as the democratic principle whereby civil power exercises full control over military power. Any approach which reverses this democratic mindset should be banned.

### ***Core group of a European political Union***

As in the case of other matters which figure among sovereign powers, there is an urgent and essential need to set up the core group of a political Union equipped with an executive, a legislature and a judiciary incorporated within the European Union and at the heart of the Eurozone – preferably functioning according to enhanced cooperation and relying on the existing institutions, only reduced in dimension to the size of the core group. This is all the more important since a European defence policy should follow a general and coherent strategy defined by a political Authority in terms of foreign relations, defence and security, as well as immigration policy. Such global and hence political strategic thinking will influence the nature of our relations with NATO, whose benefits to its members are being challenged. This is what is being implied by the President of the country which leads and dominates this organisation. The political Union would as a result be faced with the dilemma of either forming an independent alliance and developing an autonomous defence policy, or aligning itself with the United States and NATO which on several occasions has proven to be detrimental to the interests of the EU. These are choices which quite evidently go beyond the competences of the European Union; they are the responsibility of a political Authority with which the core of a political Union will be equipped.

The sharing of sovereignty would raise many questions which have often been kept quiet. Should we entertain the idea that France, in its capacity as a permanent member of the Security Council, should not be allowed to take decisions before consulting with the core group of the political Union, or even that a representation of the political Union should be set up in accordance with its general strategy for foreign relations? And what about the nuclear deterrent which France is the only Member State to have as a result of Brexit? The experience of

the EDC comes to mind as a warning against de Gaulle's opposition to a European army, the result of which was the opposite of what he had hoped the failure of the EDC would prevent. Indeed, contrary to his aim to stop West Germany from rearming, the rejection of a European army resulted in the revival of an independent German army. In the current situation, it is not unreasonable to imagine that German military strength could rapidly expand, or even that it could develop nuclear weapons, which seems to be confirmed by the low-key debate taking place in certain circles in Germany.

Supposing that this were true, how would France and other members of the political Union react? Would France propose to extend its nuclear protection to serve the political Union and European defence, or, on the contrary, would it try to block any potential German initiative? These are issues which are beyond the sphere of influence of the EU and which should be addressed by the leaders of the political Union. What will France ultimately decide to do, in the light of the strategies adopted by the two nuclear superpowers, the United States and Russia, as well as the unpredictable actions of other States, such as North Korea, which possess operational nuclear weapons?

### ***Survival of the euro***

The future political Union is the key to the success of the monetary Union. This is what the Bundesbank maintained in 1992<sup>1</sup>. This was followed in 1994 by the project of Lamers and Schäuble calling for a "hard core" equipped with a government and sovereign powers, which include currency. It is a fact that no single currency has ever existed without sovereign power. So the euro lives on borrowed money thanks to the ECB, whereas only a political core will be able to ensure the survival of the euro. The situation is worrying, particularly since the demise of the euro would deal the final blow to the European Union and at the same provoke a global crisis<sup>2</sup>.

Having sunk into oblivion for some time, the "Schäuble plan" became a talking point once again with the financial crisis imported from the United States in 2008, which morphed into the economic and social crisis, undermining societies and their political systems. The drift towards authoritarianism in Hungary and Poland are evidence of this. Moreover, the threats are mounting: the effects of austerity measures on unemployment, pauperisation and economic depression which in

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<sup>1</sup> *Monthly Report of the Deutsche Bundesbank*, February 1992.

<sup>2</sup> The euro accounts for 30% of the world's foreign exchange reserves. Source : International Monetary Fund, figures as at 24.2.2017.



turn trigger a surge of nationalism, supported by a wave of populist, even extremist and anti-European sentiment. The EU's image is tarnished in the eyes of its citizens<sup>3</sup>. But if at least 9 members of the Eurozone have recourse to the treaty's clause on enhanced cooperation, this would allow the Eurozone to be equipped with a social dimension and at the same time the European Central Bank would enjoy increased powers, enabling it to intensely promote growth and employment. Consequently, it would be in a position to provide impetus to the economic union, to large-scale European-wide projects financed by eurobonds, while at the same time stimulating the performance of all 27 Members. The Eurozone is called upon to provide this stimulus to the EU's economy and to mutually support the most ailing economies. As a result, the Union would regain favour with European citizens by demonstrating its ability to honour its promises and to respect the EU's fundamental values.

It's high time that we recognise that the EU is in urgent need of a dynamic core group within the Eurozone, equipped with sovereign powers, if it is to be revitalised with other Members following in its wake. In this respect, the Lisbon treaty provides for "enhanced cooperation", allowing for the creation of a vanguard political core group capable of responding to the accumulation of threats and ensuring the survival of the euro.

Incorporated within the Union, this core group would have at its disposal the same structures reduced in size to correspond to its 19-member configuration: a European Council, a Council of Ministers and, most importantly, an Executive and ECB, a 19-member Commission within the European Parliament and one chamber of the Court of Justice. Moreover, it would have sovereign powers and its decisions would be taken according to the community method by qualified majority regarding monetary and economic affairs, but also in relation to foreign relations, security and defence or migration flows. This decisive move would ensure the survival of the euro through the setting up of the fiscal and banking unions and of a specific budget of 3% of GDP. As a result, the driving force generated by this core would provide impetus to all 27 members by offering them renewed confidence and hope.

It's time to cure the infantile disease from which the Union is suffering; ever since the failure of the EDC it has not been able to equip itself with a political project, whereas today politics has replaced pure economics. This revival is what is needed for the European Union to recover its role as a beacon of democracy in our globally destabilised world. This is what Europeans are hoping will come out

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<sup>3</sup> cf. *Eurobarometer* no. 86, autumn 2016.

of the meeting in Rome. The reality is that instead of launching a proposal capable of rallying Europeans, the Commission settled for producing a White Paper outlining five abstract scenarios, a far cry from the very real preoccupations of EU citizens and leaving the choice up to the Member States. Contrary to its duty to initiate proposals and provide impetus, the Commission has abdicated its responsibility in favour of national governments, which are themselves divided regarding the best option for all. Under these circumstances it is hardly surprising that several major Italian newspapers asked whether Rome marked the resurrection or rather the funeral of Europe.

### ***The role of education and culture***

These existential challenges encourage us to reflect on the role of European culture and education. The former is the cornerstone of the European Union encompassing, to quote Denis de Rougemont, everything that has been inherited and created by Europeans: philosophy, religion, arts, just like the organisation of political communities, education, science and technology, shared values and principles. Our European culture is defined both by its common and diverse nature, a characteristic which calls for a federative system, in other words a core entity responsible for the major areas of sovereignty and the participation by States, regions and citizens in decision-making, as befits a democracy. If this long-term projection is to materialise, it will need to rely on an extended *Erasmus* programme but above all on the widespread implementation of *European citizenship education*, including the teaching of history and geography from a European perspective, an introduction to European values and principles and to respect for our environment, as well as to the destiny shared by all the inhabitants of our planet which is exposed to the numerous dangers of a globalised world threatened by inequalities. So many questions which we and future generations will have to address. Europe's choice will determine whether the European Union is to wake with a start or to collapse.

THE FEDERALIST DEBATE, XXX, Number 2, July 2017, pp. 37-41.



## **The quest for a lost European project**

Man does not live by economics alone. Reduced by the crisis to the state of « homo economicus », we aspire to the political animal as rekindled in Greece. The European Union was inspired by projects based on our common culture, rich in its diversity. Its wings were clipped by the failure of the EDC and of the European Political Community in 1954. Deprived of its political dimension, the Union has evolved according to Jean Monnet's strategy of integration, sector by sector. And now it has become blatantly clear that the spillover effect has reached its limits. The Russia-Ukraine conflict, enlargement without deepening, external threats and internal fragmentation, all of these factors call for a global vision. Caught up in the turmoil of the crisis and the dogma of austerity, the Union has become weakened by extremist movements. A sword of Damocles is hanging over democracy and the very future of the Union.

Contrary to the federative principle which prohibits any form of hegemony, the Union is subjected to the influence of the largest national economy which persists in its orthodoxy, imposing austerity to the detriment of solidarity. How is it that Wolfgang Schäuble has forgotten all about his political project of 1994, led by a « hard core » within the Union ? And that it was replaced by a financial vision of no appeal to the general public and the young ? Was it due to a Member State's instinctive desire to preserve its domination ? And why is it that France doesn't assert its political clout to rekindle a Project likely to restore balance in the Franco-German couple and provide the Union with a powerful boost ? Obviously a complete change in perspective is urgently required advocating real respect of values and a global vision in the interest of European citizens. My greatest wish is to see the creation of a European Federation in which Switzerland could participate.

It is only natural that the Eurozone is called upon to assume the role of federative core since no single currency has ever existed without political power. Paradoxically, in its current form the avant-garde Eurozone is lagging behind the economic pillar of the Lisbon Treaty and its federal method. First and foremost, the Eurozone should restructure and adapt to the community norms. Equipped with an Executive, the core group would have powers regarding foreign policy, security and defence. These would be implemented on proposal from the Executive by codecision of the Council - to become the European Senate - and of the European Parliament. Denis de Rougemont had foreseen that regions and large cities were destined to assume a larger role within the European Union. Consequently a Senate of the Regions would be an integral part of the process. In this

way local demands could be expressed through institutional channels, thereby avoiding regional disintegration.

The federal method would determine the external relations of the political Union, which would benefit from a common approach as opposed to the uncoordinated policies of the different Member States. This lack of unity is illustrated by a failure to see the big picture and a sense of disagreement with regard to Russia, and also by France's solo military operations. The federal framework would allow the political Union to define its strategy in areas of common interest. Proof of this is the EU's influence within the WTO due to its important role in international trade and to the fact that it speaks with a single voice.

Above all, this political advance would herald a revival of solidarity and a way out of the crisis. As maintained on numerous occasions by European leaders, including the German Chancellor, the political Union would enable recourse to *euro-bonds* in order to fund large projects in the field of infrastructure, education and research, as well as SMEs and start-ups. The « European New Deal », in which Switzerland could be included, would see the light of day and at the same time the « European Dream » would be rekindled.

BILAN, Issue no. 8, 29<sup>th</sup> April to 12<sup>th</sup> May 2015

## Europeans care about the EU's future

The Member States of the Eurozone have a decisive choice to make regarding the future of Europe : either they must embark without delay on the path towards a political Union or accept that Europe is on the decline. Since coins were first invented some three thousand years ago, no currency has survived without sovereign power. Clearly Jean Monnet's strategy of integration sector by sector has reached the end of the line. The spillover has been reversed due to the shock of the crisis and austerity measures. This display of financial bargaining is out of tune with the high hopes invested in the Union. The trust placed in the « pioneer federative core » by Europeans and those States which adopted the euro as their reserve currency has been shaken.

Austerity policies have reduced Greece and Spain to the verge of ruin : unemployment affects 26% of the working population and 60% of young people, while debt and also poverty are increasing. Austerity is a breeding ground for nationalism and populist movements, Europhobes and neo-Nazis, venting the despair of those social classes which have been sacrificed. What happened to the promise of collective development ?

The worsening situation in Greece and the destruction of its social and economic fabric are a warning signal. Feelings of uncertainty and fear are aroused by the spectre of default. Greece's collapse would cause a massive domino effect. The *Financial Times* points out that in spite of the fact that investors may be aware of certain indications of economic performance, they are concerned about the political risks which Spain as well as Portugal, Italy and Ireland have in common with Greece.

The five Presidents recommend improvements to the Economic and Monetary Union (EMU) : sanctions must be counterbalanced by incentives, converging the economies and reforms are to be encouraged, the European Stability Mechanism (ESM) must be replaced by a European Monetary Fund. However, no mention is made of the institutions. Ironically the avant-garde core functions according to the intergovernmental method within a Union where the community method is becoming widespread, except in the area of common foreign and security policy.

The core must conform to the framework of the Lisbon treaty and beyond. Following the example of the Eurozone Summit – a 19-member European Council – the Council, the Commission and the European Parliament will act in a 19-member configuration. It is essential that the community method is resumed,

namely proposal from the Commission and codecision of the Council, according to qualified majority, and the European Parliament by simple majority vote. This would guarantee greater efficiency, transparency and democratic control, with the Commission being the only institution accountable to Parliament. According to this setup, the Court of Justice would regain its full potential and the ECB would enjoy increased powers, enabling it to support policies to promote growth and employment. If need be, « urgent decrees » could be adopted and submitted to Parliament within an agreed period. This first step should be followed by the development of a federal political Union, with a new comprehensive view towards solidarity and trust.

Political Union is the only effective response to internal crises. It would enable recourse to *eurobonds* and to the *European New Deal*, thereby padding out President Juncker's investment plan. It will provide an opportunity to launch European-wide, large-scale projects in the field of infrastructure and communication, research and innovation networks, culture and education. In other words, give a strong boost to European brainpower as well as to SMEs and start-ups, the main employment providers.

External threats are not to be underestimated : Ukraine, Russia's exclusion, the arms race, terrorism or organised crime, and more recently the human tsunami of migrants. History has taught us that those federations which have flourished were constituted under threat, as demonstrated by the birth of the Swiss federal State. This is surely the price to be paid if the euro and the Union are to survive and to assert themselves on the world stage.

BILAN, Issue no. 12, 24<sup>th</sup> June to 7<sup>th</sup> July 2015

## **The EU is in need of a political core if it is to regain momentum**

The future political Union is the key to the success of the monetary Union. This is what the Bundesbank maintained in 1992<sup>1</sup>, followed in 1994 by the political project of Lamers and Schäuble calling for a « hard core» equipped with a government and a legislature. Personally I prefer the term federative core, and I will never tire of reiterating the watchword : no single currency has ever existed without sovereign power. Yet the euro is incorporated within an economic mechanism deprived of a political framework. Karl W. Deutsch's study of numerous cases concluded that successful federations were formed at the instigation of a federative core.

The rejection of the « Schäuble plan » and later of the Constitution marked the beginning of a series of serious crises : the financial crisis imported from the United States in 2008, which morphed into the economic and social crisis, undermining the very fabric of our societies. The drift towards authoritarianism in Hungary and Poland are evidence of this. Moreover, the threats are mounting : the effects of austerity measures, the surge of nationalism supported by a wave of populist, even extremist and anti-European sentiment, criminal organisations and conflicts between neighbouring regions, not to mention the fears aroused by the influx of migrants and the threat of terror attacks by Islamist extremists.

So many Damoclean swords hanging over the European Union. At the same time, globalisation combined with the rise of new superpowers and the destabilization of the world order by President Trump and Brexit, are raising deep concerns which are a wake-up call for the Union. Some people are calling for the reconstruction of the EU, which would entail years of negotiation. Indeed Merkel's meeting with the Polish government confirmed the latter's desire to recover powers transferred to the Union.

It's time to admit that the EU is in urgent need of a dynamic federative core equipped with sovereign powers if it is to be revitalised, with other Members who so desire following the same path. In this respect, the Lisbon treaty provides for "enhanced cooperation", allowing for the creation of a vanguard political core group capable of responding to the accumulation of threats and ensure the survival of the euro.

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<sup>1</sup> *Monthly Report of the Deutsche Bundesbank*, February 1992.



Incorporated within the Union, this core group would have at its disposal the same structures reduced in size to the number of its members: a European Council, a Council of Ministers and most importantly, an Executive and ECB, a Commission accountable to the European Parliament and one chamber of the Court of Justice. The core would have sovereign powers and its decisions would be taken according to the community method by qualified majority regarding monetary and economic affairs, but also in relation to external relations, security and defence or migration flows.

This initiative should be taken in Rome on the occasion of the 60<sup>th</sup> anniversary of the Treaties of Rome which will be celebrated on 25 March 2017. This decisive move would ensure the survival of the euro, the definition of common strategies and the assignment of the means to implement them due to a specific budget. The details still need to be fine-tuned but the essential idea is to strengthen collaboration in a democratic structure incorporated within the Union. As a result, the driving force inspired by this federative core would provide impetus to all 27 members by intensifying their unity in diversity in accordance with a federal view. It's up to France and Germany, together with Italy and other Eurozone States brave enough to do so to take such an initiative and commit themselves to inspiring all the EU Members with hope and confidence.

It's time to cure the infantile disease from which the Union is suffering; ever since the failure of the EDC it has not been able to equip itself with a political project whereas today politics has replaced pure economics. This revival is what is needed for the European Union to recover its role as a beacon of democracy in our globally destabilized world. I am convinced that the very survival of our civilization depends on this.

BILAN, Issue no. 5, 15<sup>th</sup> to 28<sup>th</sup> March 2017

## **Without political Union Europe's security is at stake**

The bloody attack at the heart of Paris and of Europe has triggered a radical change in our outlook and priorities. Politics have taken precedence over pure economics. From now on, survival and security are our main concern. The terror attacks by Islamist extremists have turned the economic crisis into an existential one. Europe and its incomplete Union is the main target of the ubiquitous menace posed by ISIS. It is time for Europeans to become aware of the increasing threats hanging over them: the economic crisis followed by the mounting wave of migrants, paving the way for extremist, populist movements, and to top it all the terrorist attacks. These multiple risks strike the founding principles of a political community, the security of Europeans and the very survival of our civilisation by demonising our values and our way of life. No European country can claim to be shielded from danger as proven by the networks of terrorists preparing the ground, the deadly attacks across permeable borders and the recruitment of suicide bombers via Internet. On the day before the attacks in Paris European police forces, coordinated by Eurojust, arrested 7 terrorists in Italy, 4 in Great Britain, 3 in Norway and 1 in Finland.

The EU responded by unanimously agreeing to France's request for aid. Germany and the United Kingdom have declared themselves on board at France's side. Other instruments exist: the Union has the power to mandate one or several Member States to undertake external interventions; moreover, a core group of at least nine Members can safeguard security. In addition, the Union should fully exploit cooperation between judicial, police, intelligence and information services until such time as a European Public Prosecutor's department has been set up together with specialised agencies. The EU is clearly involved in an all-out war which requires actions at various levels. For example, the Security Council has adopted a resolution at France's request and in accordance with the strategy defined by President Hollande who, in the same spirit, has been working on the creation of a "unique coalition" between the United States, France and Russia. Its mission is to restore peace in Syria and to let the people be heard. This act clearly marks a turnaround in the French Government's foreign policy and Russia's return alongside the EU. Unfortunately the fact that Turkey downed a Russian military plane the day before the talks started put the brakes on this ambitious project by reducing it to a simple question of coordination! Which prompted Russia in turn to accuse Turkey of being involved in the trafficking of oil purchased from Daesh.

In order to ensure that the EU is equipped with a coherent long-term policy line, it must be incorporated within an institutional framework by resorting without delay to “enhanced cooperation”. The creation of a vanguard as a precursor to the establishment of the core of a political Union is indeed provided for by the treaty. Once constituted, the dynamic core group would guarantee the control of security forces and their deployment by a political power according to democratic procedures. An effective response requires bombing of ISIS command centres and oil facilities, measures to cut off Islamic State’s sources of funding from Turkey and other neighbouring countries; fighting against Islamist ideology and the indoctrination of young jihadis and suicide bombers. This series of actions requires a political authority capable of defining and implementing a common strategy.

The very heart of Europe is under attack, ushering in a new age of insecurity intended to weaken and even destroy our civilisation. Europeans will need to demonstrate political courage, solidarity and commitment if we are to defend our cultural heritage. At the vanguard, France and Germany in association with the United Kingdom and Italy, called upon to form an influential core group within the Union. If we are to rally our forces and take effective long-term action, we must urgently create a democratic institution based on shared sovereignty. The very survival of our civilisation requires us to pool our resources and our strength within a European political Union.

BILAN, Issue no. 22, 9<sup>th</sup> December 2015 to 19<sup>th</sup> January 2016

## La Fédération européenne est notre affaire

(excerpt)

### **Abstract**

*A European Federation - a matter which concerns us all*

*Europe needs to be federated, but not in the sense of a « Federation of Nation States ». Indeed, all the countries in Europe are far from being Nation States. There is also the burning issue of regional identity. The very logic behind the Nation State, which claims to be united within and sovereign without, is often at odds with the true spirit of a Federation. It is therefore advisable to adopt the more liberal term « European Federation ».*

*The traditional method of integration, sector by sector, is no longer effective. The current crisis has shown that we need to gain a new perspective and concentrate on moving resolutely towards a political Union. This Union should be organised around the Eurozone. After all, can the euro survive without a political Union and social cohesion ? History has taught us that a monetary union deprived of a political one is not viable.*

*The first step to be taken is the communitisation of the Eurozone. It is indeed illogical that it functions according to the intergovernmental method whereas it represents the most advanced example of integration efforts. Consequently, the Eurozone should be able to take full advantage of the advances introduced by the Lisbon Treaty : qualified majority, codecision of the European Parliament on proposal from the Commission, etc. The Heads of State and Government as well as the Eurogroup Ministers should be able to make decisions according to qualified majority. By adopting the community method, the Eurozone would be equipped with a decision-making procedure which is more efficient, more rapid, better balanced and also more democratic. Within this framework the European Parliament would only assemble the MEPs of Eurozone countries, while those non-Eurozone MEPs attending debates would not be allowed to vote. As a result it would not be necessary to create a Parliament specifically for the Eurozone and the latter would progressively become the federative core of which the European Union is sorely in need today. One could envisage these developments taking place without having to adopt a new Treaty by having recourse, if necessary, to the procedure of "enhanced cooperation" as provided for by the Lisbon Treaty. This new framework would facilitate the adoption of a Eurozone budget (3% of GDP), of a recovery fund as well as banking and fiscal unions, paving the*

*way towards the establishment of fiscal and budgetary federalism equipped with a social dimension.*

*Subsequently, one would have to consider drawing up a basic constitutional document for the "European Federation". It should be a short text (20 to 30 pages long), written in a clear manner intelligible to all citizens. Collegial presidency would be exercised by the European Council (called the "Federal Council") in its "Eurozone" configuration. The "Federal Congress" would consist of three Chambers: the Parliament, a Senate representing the States, and a Senate of the Regions composed in particular of regions and large cities. The "Federal Government" would be the Commission in its "Eurozone" composition. This government would exercise the executive functions provided for by the Lisbon Treaty and the additional treaties agreed by the Members of the Eurozone. It would also have the right to make recommendations to the Federal Congress and the three congressional Chambers. On the basis of its recommendations, the "Federal Council" would define the general orientation not only of foreign, defence and security policy, but also in the main areas of activity of the European Union and of the European Federation formed around the Eurozone. Regarding external relations, the Federal Government would provide for the means necessary to implement a global strategy after its approval by the Congress. As part of its diplomatic measures, the European Government would be able to propose reforms and the pooling of Member States' Embassies in order to increase their efficiency and cooperation. The authorities of the European Federation would fall within the jurisdiction of the Court of Justice which would be assigned the responsibilities and functions of a Constitutional Court in the field of external relations.*

### **Fédération des États-nations ?**

En dépit – ou à cause – du mouvement de régionalisation, l'État-nation refait surface aujourd'hui dans un curieux amalgame de « Fédération des États-nations ». Deux concepts incompatibles, Fédération et État-nation, forment un compromis incongru entre Fédération, objectif incontournable du processus d'intégration, et État-nation en voie de disparition. Entre les deux guerres, l'État-nation a été au centre de débats entre Denis de Rougemont et Alexandre Marc à Paris au sein du cercle personnaliste. Et Denis de Rougemont a fini par admettre à contre cœur la réalité des États-nations : « Je ne propose pas de les détruire, c'est impossible. Je propose de les dépasser, à la fois par en haut et

par en bas, et cela, c'est devenu possible au XX<sup>e</sup> siècle. Dépasser l'Etat-Nation par en haut, signifie *Fédération continentale*, et par en bas, signifie *Régions* »<sup>1</sup>.

Cette question a agité nos esprits et nos discussions. Notre consensus a été élaboré au cours de nos face-à-face : l'origine de l'État-nation remonte à la Révolution française et à la création du service militaire national et du statut de citoyen-soldat. Mais l'affirmation des identités régionales, dans le cadre tant des États fédéraux que des États à prétention nationale homogène, a conduit à la distinction entre l'État comme organisation d'une société politique et la Nation, cette « solidarité par similitude » selon Durkheim, partageant la même destinée. Et Denis de Rougemont de citer Ernest Renan s'écriant dans un discours célèbre à la Sorbonne (1882) : « Une nation est une âme, un principe spirituel. Deux choses qui, à vrai dire, n'en font qu'une, constituent cette âme, ce principe spirituel. L'une est dans le passé, l'autre dans le présent. L'une est la possession en commun d'un riche legs de souvenirs ; l'autre est le consentement actuel, le désir de vivre ensemble, la volonté de continuer à faire valoir l'héritage qu'on a reçu indivis. »<sup>2</sup>.

Nous avons admis d'un commun accord que les Nations ne coïncident pas – sauf exceptions – avec l'organisation des États. Et que les États constituent des communautés ou des structures politiques, formant un niveau intermédiaire entre la Fédération européenne d'une part, les régions, les métropoles et les grappes de communes d'autre part. Pourtant, l'État-nation, dépassé par la réalité comme en théorie politique, a fait de nouveau irruption dans le débat européen sous la forme d'une « Fédération des États-nations ». Contradiction en soi, ce concept lancé par Jacques Delors, haute personnalité faisant autorité en matière européenne, a été développé dans le livre de Gaëtane Ricard-Nihoul, ancienne Secrétaire générale de *Notre Europe*. Relayée et diffusée par Ferdinando Riccardi, Directeur de l'Agence Europe, cette notion apparaît dans les conclusions des discours sur l'État de l'Union qui annoncent la publication d'un projet à la veille des élections européennes de mai 2014<sup>3</sup>. Il s'en est fallu de peu qu'elle soit consacrée en tant que finalité ultime de l'Union politique et qu'elle introduise une confusion générale dans un débat qui pourrait prendre des allures de controverse académique polluée par un concept forgé de termes incompatibles.

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<sup>1</sup> *Penser avec les mains* [1936], nouvelle édition, Paris, Gallimard (Idées), 1972, p. 52.

<sup>2</sup> *Qu'est-ce qu'une Nation ?*, Paris, 1882, soit en pleine construction des Nations en Europe. Denis de Rougemont cite ce passage dans sa contribution à la *Naissance de l'Europe des Régions*.

<sup>3</sup> « Discours sur l'état de l'Union » par le Président de la Commission européenne José Manuel Barroso, 12 septembre 2012.

Après maints échanges, il semble que l'on soit revenu à la raison en adoptant une terminologie ouverte comme *Fédération européenne*, sans pour autant exclure d'autorité d'autres appellations.

L'utilisation du concept « État-nation » risque de préjuger des débats futurs sur la forme de l'Union politique. Ce concept, que nous avons banni de notre vocabulaire avec Denis de Rougemont, a pourtant fait de profonds ravages dans l'histoire récente de la désintégration de la Yougoslavie. On se souvient aussi que Denis de Rougemont mettait en garde contre la création de micro États-nations, tels que ceux issus de l'éclatement de la Yougoslavie<sup>4</sup>. En effet, la référence au concept d'État-nation a été utilisée largement pour justifier la création d'États-nations homogènes à l'intérieur des anciennes Républiques yougoslaves. Il a ainsi apporté la preuve des effets pervers qui peuvent résulter de l'usage abusif du concept d'« État-nation » et de « majorité démocratique », imposé par la force quand ce n'est par l'épuration ethnique. Concept qui semble bien correspondre au passé glorieux de la France, mais qui s'oppose à la notion de Fédération. Cependant, n'oublions pas qu'à contre-courant des idées centralisatrices, la France a eu tout de même son prophète du fédéralisme, Proudhon qui publie en 1863 son *Principe fédératif*.

Dans la réalité actuelle en Europe, nombreux sont les États qui abritent plusieurs nations, comme la Suisse, la Belgique, l'Espagne et le Royaume-Uni, mais aussi des États des Balkans, la FYROM (30% d'Albanais qui ne s'identifient pas à une « nation macédonienne ») et la Bosnie-Herzégovine en particulier. A ces États, on peut ajouter la Roumanie qui comprend une grande minorité hongroise qui ne se reconnaît pas dans la nation roumaine. Il en va de même des Turcs en Bulgarie et des Hongrois en Slovaquie. D'autres « États-nations » tels que la Hongrie cultivent en revanche la grande ambition de réunir tous leurs nationaux dans un même État. Cette ambition, qui n'est pas absente des visées du gouvernement actuel, est porteuse de conflits potentiels avec la Roumanie, laquelle abrite deux millions environ de Hongrois. Il en va de même avec la Slovaquie où vit un demi-million de Hongrois. Autant de menaces qui pèsent sur l'Union Européenne. A leur tour, des poussées indépendantistes se manifestent, notamment en Catalogne et dans le Pays Basque qui cherchent à s'affirmer en tant que « nations » rêvant d'indépendance! Le constat est clair : nombreux sont les États sans nation mais aussi les nations sans État.

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<sup>4</sup> Denis de Rougemont, « La région n'est pas un mini Etat-Nation », *Bulletin du Centre Européen de la Culture*, XII, 5-6, hiver 1969-1979, pp. 31-40.

## Vers une Fédération européenne

Afin d'accomplir une révolution pacifique, il est nécessaire de renverser la perspective. Et c'est le miracle réalisé par le Plan Schuman. Au lieu de poursuivre la politique de Versailles, Robert Schuman et Jean Monnet ont réussi à remplacer, à l'issue de la Deuxième Guerre mondiale, la politique de domination par l'intégration avec la création de la Communauté Européenne du Charbon et Acier (CECA) à Six avec l'Allemagne. Ce revirement intégral de la politique de la France à l'égard de l'Allemagne a substitué la paix et la solidarité à la rivalité et à la domination des vainqueurs : les ennemis historiques ont formé le couple qui constitue le pilier central de l'Union Européenne. En s'inspirant de cet exemple, le moment est venu d'opérer un virage pour bâtir une Fédération européenne et assurer une sortie de la crise par le haut en rétablissant la primauté du politique et une approche globale. C'est en instaurant une communauté politique de type fédéral que l'on parviendra à recréer la solidarité au sein de l'Union et à redonner la place qui revient à l'Europe dans le monde. Sans ce nouvel élan, la plus grande puissance commerciale qu'est l'UE tendra à demeurer un nain politique.

Denis de Rougemont et Jean Monnet partageaient le même but mais divergeaient quant à la façon de l'atteindre<sup>5</sup>. Alors que Denis de Rougemont et les fédéralistes, dont Altiero Spinelli, rêvaient de créer une Union fédérale sans attendre, Jean Monnet et Robert Schuman mirent en œuvre une méthode pragmatique et graduelle dont la CECA représentait une première étape vers la Fédération européenne (Déclaration Schuman du 9 mai 1950). En développant cette démarche, Jean Monnet a conçu une stratégie d'intégration secteur après secteur, laquelle, par l'effet d'un engrenage dynamique, était supposée aboutir automatiquement à la Fédération politique européenne. Au plan théorique, cette démarche a été exposée par Ernst B. Haas sous la forme du *spillover* (spirale ascendante) et de la méthode fonctionnelle<sup>6</sup>.

La crise récente en a décidé autrement. De proche en proche et en raison d'une profonde interdépendance économique, elle a provoqué un « engrenage à l'envers », *spillover* (une spirale descendante). Par l'effet de contagion et d'austérité brutalement imposée dans les pays les plus fragiles, la crise a fait peser une épée de Damoclès sur l'Union Européenne et sur la démocratie. La méthode d'engrenage est arrivée à ses limites, mettant en question l'irréversibilité de l'intégration européenne ainsi que sa capacité à créer de la

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<sup>5</sup> Dusan Sidjanski *L'Avenir fédéraliste de l'Europe, La Communauté européenne des origines au traité de Maastricht*, Paris, PUF, 1992, pp. 268-269.

<sup>6</sup> *The Uniting of Europe*, London, Stevens & sons, 1958.



prospérité. La paupérisation dans les pays du Sud est en marche. La crise, l'austérité et les coupes dans le budget du social font le lit des eurosceptiques, des populistes et des mouvements extrémistes dont le pire exemple revient aux néo-nazis de l'Aube dorée en Grèce. Bref, la déstabilisation de la démocratie et l'éclatement des solidarités sociales, tel est le prix que l'Europe menacée risque de payer faute de solidarité et d'Union politique, avec le réveil des nationalismes de tous bords et le repliement sur soi sous couvert de patriotisme marquant le retour des intérêts matériels aux dépens de nos valeurs fondamentales. C'est à se demander si l'Europe n'a pas succombé à un matérialisme vulgaire, il ne manque que le déterminisme historique qui n'a pas été étranger au déterminisme de l'intégration. Le choc provoqué par la crise a fait éclater au jour toutes les failles et insuffisances de la construction européenne. Ainsi, force est de constater que le Traité de Lisbonne qui entre en vigueur en pleine crise n'a rien prévu contre la crise financière !

L'invention majeure de Jean Monnet, à savoir la « méthode communautaire » (une forme de « méthode fédérale »), a été dès le début de la crise soumise à rude épreuve. En instaurant une « task force » supposée être informelle, le Président du Conseil européen Herman van Rompuy a réuni sous son aile les Ministres des finances, le Commissaire responsable des affaires économiques et le Président de la BCE. Ce groupe intergouvernemental sous la présidence de van Rompuy s'est substitué à l'ensemble institutionnel communautaire en marginalisant tant la Commission que le Parlement européen. Pire, l'Eurozone – qui est censée être l'avant-garde et le noyau fédérateur – a fonctionné et continue de fonctionner à l'intergouvernemental, c'est-à-dire sous la domination des grands et la menace du veto. Bref, ce noyau pionnier qu'est l'Eurozone a fait un saut en arrière par rapport au processus de décision communautaire dont le champ a pourtant été élargi par le Traité de Lisbonne. Paradoxalement, l'avant-garde marque ainsi une régression. C'est donc la première réforme à accomplir sans délai en recourant à la coopération renforcée, puis à un Traité à 18 au sein de l'Union des 28. Le noyau fédérateur se doit de revenir à la méthode fédérale de Jean Monnet afin de poursuivre l'avancée entamée par la Zone euro tout en constituant un pôle d'attraction ouvert à tous les membres de l'Union qui peuvent et veulent se joindre aux 18.

L'Eurozone soulève des questions de fond qui exigent une réponse d'urgence : une monnaie commune aux 18 États membres peut-elle survivre durablement sans une union économique, et en l'absence d'une union bancaire et d'un fédéralisme fiscal et budgétaire ? Qui plus est, l'euro peut-il survivre sans une union politique et une cohésion sociale ? Non pas une union politique tout court qui pourrait revêtir la forme d'une Communauté politique centralisée, mais nécessai-

rement une Union politique fédérale inédite, c'est-à-dire une Fédération européenne. Le constat est évident : une union monétaire privée d'une structure politique n'est pas viable. Le récent avertissement de la Chancelière Merkel qui nous rappelle que sans Union politique, la survie de l'euro ne peut être garantie, ne saurait être plus clair. L'échec de l'Union monétaire latine (dont la Suisse a été membre), survenu entre les deux guerres mondiales, en témoigne : elle n'a pas survécu à l'absence d'une souveraineté partagée<sup>7</sup>.

Faut-il rappeler que l'euro n'a pas seulement une responsabilité à l'égard de ceux qui l'ont adopté et des autres États membres de l'Union Européenne ? En représentant aujourd'hui environ de 20% à 25% des transactions mondiales, la Zone euro et ses 18 membres ont en effet assumé une responsabilité mondiale. D'où l'urgence et la nécessité de mesures pour assurer la pérennité de l'euro en l'armant d'une structure politique fédérale.

Ce premier pas de mise en commun de pouvoirs et de ressources répondrait à de nombreux défis auxquels l'Europe est confrontée : en premier lieu, perte de pouvoir et d'influence des États membres pris séparément. Car ni les grands États européens, ni a fortiori les petits ne sont plus à la hauteur des défis et des menaces tels que la nouvelle répartition des pouvoirs entre puissances internationales à la suite du déclin de l'hégémonie de la super-puissance américaine, la crise ou les conflits régionaux. Cette éclosion de puissances émergentes marque en même temps l'avènement d'un monde exposé aux tensions contradictoires : le retour des intérêts nationaux et des conflits latents ou l'éclatement des espaces locaux ou régionaux risquant d'entraîner des guerres à grande échelle, des concurrences économiques, des confrontations financières dans un monde par ailleurs globalisé et fortement interdépendant ; des menaces énergétiques et environnementales ; des explosions ou des stagnations démographiques et des mouvements migratoires ; la croissance des inégalités entre les États, les Régions continentales de même qu'à l'intérieur des États ; la révolution des technologies de communication née de l'utilisation massive de l'*Internet*, des portables et des *réseaux sociaux horizontaux* face aux pouvoirs hiérarchiques verticaux (d'où résulte l'accroissement de la capacité individuelle de mobilisation des masses d'opposants), ainsi que l'impact de la menace terroriste. En somme, une révolution de moins en moins silencieuse qui secoue quand elle ne transforme pas les structures d'autorité et les pouvoirs en place, voire les tissus sociaux traditionnels. D'où l'interrogation cruciale de savoir comment répondre à ces vagues de changements, de défis et de dangers.

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<sup>7</sup> Le concept de souveraineté partagée fut utilisé pour la première fois par Winston Churchill.

Certes pas en continuant à multiplier les États-Nations, États-régions et mini-États.

Un constat s'impose chaque fois que l'Union Européenne se présente en ordre dispersé : elle sort perdante des grandes négociations dès qu'elle n'est pas en mesure de déployer un front commun. Le cas qui est toujours en mémoire est l'expérience de la Conférence de Copenhague de 2009 sur l'environnement mondial au cours de laquelle l'Union à plusieurs voix – Merkel, Sarkozy, Rompuy et tant d'autres Premiers Ministres ou Ministres – fut marginalisée par des négociations directes entre les États-Unis, la Chine et la Russie<sup>8</sup>. En ne parvenant pas à faire entendre une seule voix au nom de tous, l'Union dut se résigner à un rôle de figurant. En revanche, le cas de la politique commerciale commune reflète bien l'influence de la plus grande puissance commerciale au monde qu'est l'Union Européenne. Force est d'admettre cependant qu'elle n'en tire profit que partiellement, faute d'un pouvoir politique européen. La disproportion est flagrante entre le géant commercial et le nain politique.

*Un premier pas urgent : convertir la Zone euro à la méthode communautaire*

Les États membres de la Zone euro sont confrontés à un choix politique de grande portée : s'engager dès que possible sur la voie de l'Union politique fédérale ou accepter à terme l'éclatement de la Zone euro et la mort de l'euro. Depuis l'apparition de la monnaie il y a quelque trois millénaires, nous savons que battre monnaie est un acte souverain, symbole du pouvoir politique. A notre connaissance, aucune monnaie n'a survécu sans souverain politique. D'où l'urgent besoin de consolider la Zone euro et de la doter d'instruments et de processus de décision efficaces, ainsi que de l'encadrer par une Union fédérale. Seul un pouvoir politique sous la forme d'une Fédération européenne est en mesure d'assurer la sortie de la crise, l'avenir de l'euro et le développement de l'Union Européenne. C'est aussi la seule façon pour l'Europe de renforcer sa place au sein de la nouvelle répartition des pouvoirs au niveau mondial.

La mise en œuvre d'une Fédération européenne à 18 doit permettre d'adopter une approche globale en lieu et place des actions prises de cas en cas. Elle constitue un renversement de perspective en fonction d'un *projet européen*, accompagné d'un retour à des politiques équilibrées et de solidarité. La position

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<sup>8</sup> L'environnement a été depuis longtemps un des champs d'action préférés de Denis de Rougemont. D'après mon souvenir, c'est dans les années soixante que j'ai entendu parler pour la première fois d'écologie lors d'une réunion au Centre Européen de la Culture, autour de Erico Nicola.

de la Chancelière Merkel vient à l'esprit : très opposée dans la situation actuelle à l'émission d'eurobonds, elle s'est néanmoins déclarée prête à l'envisager dans le cadre d'une union politique.

Paradoxalement, la Zone euro des 18, noyau fédérateur et pionnier, continue à fonctionner à l'intergouvernemental alors que l'Union des 28 recourt largement à la méthode communautaire ! Aussi faudrait-il dès à présent rattraper ce retard en utilisant la coopération renforcée ou en adoptant de nouvelles modalités de fonctionnement, comme dans l'exemple de l'instauration récente du Sommet des 18. Ces retouches auraient pour effet d'accroître la transparence et l'efficacité du processus de décision, le rôle moteur de la Commission et la participation du Parlement européen. Ainsi la Zone euro bénéficierait des progrès inscrits dans le Traité de Lisbonne, à savoir la majorité qualifiée, la codécision sur proposition de la Commission, la double présidence, etc... Il s'agirait d'adapter ces avancées à la dimension de la Zone.

Outre son Président, le Sommet des Chefs d'État et de gouvernement de la Zone euro comprend le Président de la Commission et peut inviter le Président de la BCE ainsi que les Présidents de l'Eurogroupe et du Parlement européen. Cette institution réunissant les plus hauts responsables politiques témoigne de l'importance vitale de la Zone euro. Son Président assure la préparation et la continuité des travaux en étroite collaboration avec le Président de la Commission, et sur la base des travaux préparatoires effectués par l'Eurogroupe. Il s'agit d'un pas significatif mais insuffisant. A l'instar du Conseil européen, le Sommet des 18 définit les grandes orientations et donne l'impulsion à leur mise en œuvre par l'Eurogroupe. Tout en recherchant le consensus, le Sommet devrait pouvoir prendre des décisions et adopter des déclarations à la *majorité qualifiée* ou *renforcée*. Cette procédure permettrait d'éviter des vetos et de longs marchandages au sein de ce groupe pionnier.

L'Eurogroupe, qui porte la marque intergouvernementale, est une sorte de Conseil des ministres au sein de la Zone. Suivant l'exemple du Service de l'Action extérieure, il devrait être présidé à l'avenir par le Vice-Président de la Commission en charge des affaires financières. Selon la proposition de Jean-Claude Trichet, ancien Président de la BCE, le Vice-Président assumerait le rôle de Ministre des finances et de porte-parole de l'Eurogroupe. De la sorte, serait garantie une position commune évitant la cacophonie qui s'est manifestée à certains moments de la crise. Un deuxième Vice-Président aurait la responsabilité des affaires sociales.

Les décisions de l'Eurogroupe, comme celles de l'Union, recouvrent deux catégories distinctes : décisions législatives, décisions gouvernementales ou exécutoires.

tives. Dans le premier cas, le *processus législatif* devrait fonctionner sous forme de codécision simplifiée. Suivant cette même logique, les normes de la Zone euro seraient élaborées selon la méthode communautaire et en codécision avec le sous-ensemble du Parlement européen à 18. Dans le cas des décisions de type gouvernemental, c'est le degré d'urgence et d'efficacité qui prime. Ces décisions devraient donc être prises, sur la base des travaux préparatoires de la Commission à 18 et des avis de la BCE, à la *majorité qualifiée* et mises en application sous la surveillance du Président et des Vice-Présidents compétents de la Zone euro. Si le délai le permet, elles pourraient être précédées d'un avis des parlementaires européens des 18, ou, dans certains cas, être soumises à leur approbation.

Il va de soi que la BCE serait étroitement associée à la préparation des décisions et à leur mise en œuvre. D'autant que dans un avenir proche, elle sera appelée à assumer des responsabilités et des compétences élargies, à l'exemple des Banques centrales des États membres ou de la *Federal Reserve* américaine. Ces institutions disposent de moyens anti-crise plus substantiels et d'instruments plus efficaces qui leur permettent d'intervenir au sujet de la dette publique, d'émettre des obligations et d'utiliser d'autres leviers de relance économique. Le rayon d'action de la BCE réclame ainsi d'être étendu.

Dans des cas litigieux, la Cour de Justice serait habilitée à décider en première instance au niveau des chambres, qui pourraient être composées principalement de juges appartenant à la Zone euro. Tel pourrait être aussi l'aménagement *ad hoc* pour les arrêtés finaux. Cependant, ces aménagements ne semblent pas s'imposer, la Cour ayant depuis toujours une *vision communautaire* par essence.

En utilisant la *méthode communautaire*, la Zone euro se doterait d'une procédure de décision plus efficace, plus rapide et plus équilibrée mais aussi plus démocratique. En effet, la démarche intergouvernementale est soumise, dès les origines de la décision, à la domination des grands États membres, et notamment de l'Allemagne en accord avec la France. C'est le scénario qui a jalonné les réactions à la crise. La nouvelle présidence du Sommet de la Zone et une participation plus active de la Commission à 18 à l'élaboration des décisions garantiraient un meilleur équilibre et des choix plus ouverts (au fond, la Zone fonctionnerait à l'intérieur de l'Union suivant le principe de la coopération renforcée, d'après lequel seuls les membres du noyau interviennent dans la décision). La prise de décision à la majorité qualifiée y contribuerait à son tour, en accélérant la recherche d'un consensus ou d'une large majorité.

Autour de ce noyau fédérateur à 18 s'organiseraient des instruments tels que le Mécanisme Européen de Stabilité et d'autres accords et mécanismes intergou-

vernementaux. Sous l'effet de la mise en œuvre de la méthode communautaire et de ses résultats encourageants, avec la confiance et la solidarité retrouvées, ces mécanismes pourraient être agencés sous le toit communautaire. Ce pôle ainsi renforcé faciliterait l'adoption d'un budget de la Zone euro (3% du PIB), d'un Fonds de relance ainsi que des unions bancaire et fiscale ouvrant la voie à l'instauration d'un fédéralisme fiscal et budgétaire accompagné d'une dimension sociale. Cette avancée vers l'Union politique à 18 serait susceptible d'attirer dans son sillage tous les membres de l'Union.

### *Projet européen*

Nos sociétés humaines ont besoin de projets. La vision à plus long terme guide nos espoirs et nos actions, alors qu'aujourd'hui notre démarche est faite de petits pas quotidiens et que notre regard n'a qu'une portée au jour le jour. N'entend-on pas dire que l'Europe manque de leader, de visionnaire ? Certes, des think-tanks abondent mais pour la plupart s'inscrivent dans un courant traditionnel, autant dire conservateur. Leurs réflexions et leurs prévisions sectorielles surtout économiques et démographiques, le plus souvent chiffrées, se fondent sur des données extrapolées. Elles passent à côté de l'essentiel, à savoir l'interaction des facteurs, des idées et des disciplines vues dans leur dimension et évolution globales. Le politique, le global et l'intégral leur font défaut, de même qu'un but, une vision générale à plus long terme, un Projet européen.

Sans doute, l'Union Européenne et ses membres contribuent à la réalisation des finalités et des valeurs inscrites dans les textes des traités en bonne partie en voie de réalisation. Cependant, la crise financière et ses prolongements dans toutes les sphères de la vie sociale et personnelle ont mis en relief toutes les lacunes, mais aussi les progrès accomplis depuis la Deuxième Guerre mondiale qui a marqué le début d'une nouvelle mondialisation. La crise a provoqué un hiatus dans l'intégration économique et a grippé le processus d'engrenage – proche du déterminisme historique – censé conduire à une communauté politique. La crise vient de casser cette dynamique, bien que certaines pièces de la mécanique européenne continuent à tourner. Jusqu'à quand ? Il semble que l'intégration monétaire se rapproche du seuil fatidique : « Tôt ou tard, la monnaie explosera sans la cohésion nécessaire », affirmait la Chancelière à peine réélue.

Au début de 2013, un concert à trois voix a résonné avec pour leitmotiv l'Union politique, avec le trio de tête Angela Merkel, François Hollande et Enrico Letta dont les discours s'enrichissaient mutuellement : une vision de *l'Union politique dotée d'un gouvernement et d'une Deuxième Chambre* (Merkel) ; une stratégie pour conduire une véritable politique extérieure commune et avoir une défense

européenne : *l'Europe doit parler d'une voix* (Hollande) ; une réponse au défi extérieur que représentent les puissances émergentes, la Chine, l'Inde, le Brésil, et le retour de la Russie sur la scène mondiale (Letta).

Idéalement, l'Union politique devrait comprendre tous les Membres de l'UE. Or, cette hypothèse ne peut être envisagée, au moment où le Royaume-Uni envisage de rapatrier certaines compétences transférées aux institutions européennes et brandit la menace en décidant d'organiser un référendum sur la sortie de l'Union. En revanche, la survie de l'euro et de la Zone impose dès à présent la nécessité d'une Union politique à 18. Bref, transformer la Zone euro en un *noyau politique fédérateur*, susceptible d'exercer une attraction dynamique sur l'ensemble de l'Union Européenne, telle est la voie ici proposée. Comme souvent par le passé, mais de manière plus impérative, cette démarche appelle un acte renouvelé de volonté politique. À qui incombe cette initiative ? Cet acte novateur est-il principalement de la responsabilité de la France et de l'Allemagne, assistées de la Commission et du Parlement européen, avec le soutien de l'Italie et d'autres membres de la Zone euro ?

#### *La mission de la France et du couple France-Allemagne*

La crise actuelle a confirmé le rôle-clé que continue à jouer le couple France-Allemagne, tout en mettant en relief le déséquilibre existant entre la France et l'Allemagne sur le plan économique. Ce constat porte également sur les disparités croissantes entre les membres de la Zone euro. Il s'ensuit que le poids économique de l'Allemagne a un effet direct sur son influence générale dans l'UE et sur la tendance qu'elle a à imposer ses vues et ses intérêts en matière de finances et d'économie. L'Allemagne serait-elle en train de devenir moins européenne et plus allemande ? D'où la question de savoir comment rétablir l'équilibre au sein du couple. D'autant que l'UE telle qu'elle se présente aujourd'hui demeure enfermée, malgré quelques coups d'éclat isolés, dans sa dimension d'intégration économique. D'où aussi le déséquilibre entre le poids commercial et économique de l'Union et sa pâle influence politique. En effet, première puissance commerciale, l'Union est la plus grande contributrice aux budgets des organisations internationales, à l'aide publique au développement, aux actions humanitaires et aux ONG. Mais à défaut d'une politique extérieure commune et globale, ces apports peinent à traduire en actes son potentiel politique.

Le socle des valeurs et des principes est à la base de la construction européenne. Il a même été développé d'un traité à l'autre. Mais le contrôle du res-

pect de ces principes n'est pas toujours satisfaisant, comme il est apparu dans le cas hongrois. De toute évidence, le clivage persiste dans l'Union Européenne entre d'une part les matières propres à la Communauté économique, et d'autre part la coopération en matière de politique étrangère, de sécurité et de défense. De surcroît, la crise a favorisé le glissement vers l'intergouvernemental aux dépens de la méthode communautaire ou fédérale.

Sous l'angle économique, l'Allemagne se profile en tant que principal leader, avec la France, au sein de l'Union européenne. La balance des pouvoirs économiques penche clairement de son côté et affecte l'équilibre général en accroissant son poids. La situation actuelle au sein de l'Union et de la Zone euro accentue la différence de capacité entre les deux pays. D'autant que de son côté, la France ne tire pas pleinement profit des *atouts politiques* dont elle dispose. Au premier chef, elle est membre permanent du Conseil de Sécurité et, à ce titre, a une responsabilité internationale et une influence politique qui dépassent nettement celle de l'Allemagne. En deuxième lieu, elle est la seule puissance européenne avec le Royaume-Uni à posséder l'arme nucléaire et la force de dissuasion. En troisième lieu, la France a une haute capacité militaire et, surtout, une volonté d'engagement à l'extérieur en faveur de la paix et contre les terroristes, comme le rappellent ses récentes interventions au Mali et en Centrafrique. Elle est un acteur politique sur la scène internationale, et à ce titre son Président a pris l'initiative d'une intervention militaire avec le soutien des contingents des pays africains. Agissant en avant-garde, la France a réussi à obtenir ensuite l'aide militaire de plusieurs membres de l'Union Européenne.

Par comparaison avec la France, l'Allemagne demeure prisonnière de son lourd passé de la Deuxième Guerre mondiale qui l'oblige à garder une extrême retenue dans le domaine des interventions militaires. En même temps, sa puissance économique lui donne un avantage, notamment dans les relations avec les puissances émergentes. Aussi constate-t-on que l'image projetée et la représentation insuffisamment cohérentes de l'Union Européenne conduit les Gouvernements chinois et russe à attribuer la préférence à leur partenaire allemand plutôt qu'à leurs relations avec l'Union. Ainsi parviennent-ils à mieux diviser les États membres. Le cas des relations avec la Russie en matière d'approvisionnement énergétique illustre le manque d'unité des membres de l'Union. L'exemple contraire est fourni par la politique commerciale commune au sein de l'OMC où, en présentant un front uni, l'Union dispose d'un grand pouvoir de négociation et d'élaboration de normes mondiales.

A l'évidence, l'Union fédérale assurerait une plus grande unité et une plus forte cohérence tout en permettant à l'Allemagne d'y exercer pleinement la « souve-



raineté » en partage avec la France et d'autres membres de l'Union. C'est ainsi que l'Allemagne pourrait être associée étroitement aux décisions du Conseil de sécurité par l'intermédiaire de la France, de même qu'à la définition de la stratégie globale de l'Union et à sa mise en œuvre. De surcroît, l'Union politique accélérerait la sortie de la crise et de la récession en renforçant la solidarité vacillante au sein de la Zone euro et en redynamisant ce qui constitue le principal marché pour les exportations allemandes. Grâce à la relance économique et à l'avancée de l'Union politique, un nouvel élan soufflerait parmi les Membres et les citoyens européens.

Comment la France pourrait-elle faire valoir ses atouts au plan européen ? Ma réponse est que seule une *politique commune en matière d'affaires extérieures* et une *stratégie commune liée à la politique de sécurité et de défense* pourraient redonner une valeur ajoutée à la France. Récemment, la Commission a innové en avançant des propositions en matière de défense portant sur la coordination des industries d'armement. Parallèlement, le Président Hollande a prôné une relance de la défense européenne par le couple France-Allemagne. Ce sont des démarches convergentes qui vont dans la bonne direction. Il n'en reste pas moins que si l'on envisage de mettre en actes ces deux propositions, complémentaires, il faudrait veiller à les inscrire dans une stratégie globale en matière de politique extérieure commune, en vertu d'un principe fondamental de nos démocraties : c'est *le pouvoir politique* qui définit la stratégie et qui décide de toute action et intervention. Dès lors, il apparaît nécessaire que l'Union définisse une politique extérieure cohérente parallèlement à ses projets de défense européenne. Sans Union politique, pas de défense européenne. Telle est la leçon de la CED<sup>9</sup>.

La stabilisation et le renforcement de la Zone euro exigent la création d'un pouvoir politique. La stratégie façon Jean Monnet d'intégration secteur après secteur en créant une sorte d'engrenage est arrivée à sa limite. La survie et la pérennité de l'euro ne peuvent être assurés sans la création d'une Union politique européenne. C'est la leçon de l'histoire que confirment les effets néfastes de la crise actuelle. Lors de l'instauration d'une communauté politique, le pouvoir souverain procède traditionnellement à la création d'une monnaie commune. Or, en créant l'euro, les membres de la Zone se sont engagés dans la voie du « fédéralisme à l'envers » (Brugmans). La mise en place d'un pouvoir politique permettrait de

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<sup>9</sup> À l'époque, le projet de réaliser une Communauté politique européenne (CPE) était dépendant du traité CED signé par les Six. L'échec de la CED en 1954 a donc entraîné dans sa chute le projet de la CPE. D'où le besoin de commencer par établir d'abord l'Union politique européenne.

rétablir une sortie plus rapide de la crise par la primauté du politique et d'accélérer l'adoption de l'union bancaire, du fédéralisme fiscal et budgétaire dans un cadre politique commun.

Cet élan politique signifierait le retour à la solidarité européenne ouvrant la voie à des *eurobonds*. Leur introduction sur le marché européen et international faciliterait la prise d'une série de mesures pour développer l'éducation et la formation professionnelle, la recherche et les innovations. Elle rendrait possible le financement des grands travaux d'infrastructure et de communication et offrirait de ce fait de nombreux emplois (à l'exemple du *New Deal*). À leur tour, les offres d'emplois stimuleraient les efforts et les innovations dans les domaines d'éducation et de formation. Tandis qu'une forte impulsion donnée à la recherche en science et en technologie renforcerait les moyens par lesquels l'Europe serait en mesure de retrouver son rôle de leader mondial dans de nombreux domaines. Les essaims de PME qui sont les plus grands pourvoyeurs d'emplois soutiendraient la relance de la dynamique d'intégration aux côtés des grandes entreprises européennes. Bref, il en résulterait un accroissement de la dynamique et de la capacité de la Zone euro et, par voie de conséquence, de l'Union.

Pour ces diverses raisons, la France aurait tout intérêt à s'engager à promouvoir le plus rapidement possible un *Projet politique* qui comprendrait la communautarisation d'éléments des compétences régaliennes dont la politique économique, les affaires étrangères, la sécurité et la défense. Cette démarche pourrait s'inspirer du modèle de la politique commerciale commune ou mieux encore du Service de l'Action extérieure, lequel acquerrait toute sa capacité en regard d'une stratégie commune fondée sur la mise en commun de toutes les ressources disponibles.

Ces initiatives auraient l'avantage de *renverser la perspective*. En créant une Union politique de type fédéral (répartition des compétences entre l'UE, les États membres, les Régions et les Métropoles), un meilleur équilibre pourra être retrouvé au sein du couple France-Allemagne dans l'ensemble des domaines où les actions séparées sont moins efficaces que les politiques communes. Ce renversement de perspective aurait en outre le grand avantage de recréer une vraie solidarité européenne qui aurait des retombées immédiates sur les mesures anti-crise et sur les mesures de relance et de développement. En partant de la Zone euro, le Projet européen, joint aux initiatives et actions concrètes, insufflerait de l'espoir et provoquerait une plus forte participation des citoyens. L'UE est appelée à devenir une Union politique fédérale à moins de se résigner à un rôle de figurant sur la scène mondiale.

## **Esquisse d'une Fédération européenne**

Pour aborder l'esquisse générale d'une Fédération européenne dont le noyau sera constitué par les membres de la Zone euro, voici quelques principes destinés à orienter et à encadrer cette démarche novatrice.

En premier lieu, la Zone euro doit se conformer aux normes générales du Traité de Lisbonne et s'adapter à la méthode communautaire. Il est essentiel que les avancées de la Zone euro – laquelle paradoxalement applique la méthode intergouvernementale – se conforment aux normes fondamentales de l'Union Européenne. Cette adaptation peut s'accomplir quasi automatiquement par le simple alignement sur les normes générales. Si besoin est, il serait aisé de recourir à la coopération renforcée et de pratiquer la règle générale selon laquelle seuls les membres qui participent au noyau de la coopération renforcée ont le droit de vote.

Ce même principe peut être appliqué au sein d'autres institutions : ainsi, seuls les Députés européens des 18 au sein du Parlement européen sont appelés à voter. Il en va de même pour le Conseil européen, pour lequel les membres de la Zone euro ont prévu un Sommet à 18. Des aménagements similaires peuvent être appliqués au sein de la Commission si nécessaire, ainsi qu'au sein de la Cour de Justice et des autres institutions et organes consultatifs. Il est tout aussi important de tenir compte du principe selon lequel le sous-ensemble de la Zone euro ou de la Fédération européenne demeure ouvert aux autres membres de l'Union qui ont la capacité et la volonté de s'y joindre.

En partant des règles du Traité de Lisbonne concernant la politique extérieure, de défense et de sécurité commune, il s'agirait de définir une stratégie commune cohérente qui orientera les politiques et les actions des membres de la Fédération européenne. Cette démarche n'exclut pas la possibilité pour les autres membres de l'Union de s'associer à des actions spécifiques dans ces domaines régaliens.

Tout en respectant ces principes de fonctionnement de la Fédération à 18, il faut garder des ouvertures dans diverses sphères d'activité auxquelles d'autres membres de l'Union pourraient participer. A titre d'exemple, citons les grands travaux publics qui pourraient être financés par les euro-obligations, les programmes de transition énergétique et la formation d'entreprises européennes par quelques-uns ou plusieurs États membres. Il en va de même de la politique

énergétique et climatique commune. Dans la mesure où certaines de ces politiques seraient financées par le budget propre à la Fédération européenne, la participation d'autres membres impliquerait de leur part des contributions *ad hoc*. De même, la Fédération européenne, qui a vocation à lancer des projets pionniers, aura une mission majeure en matière de politique sociale qui constitue le volet faible de l'Union Européenne.

Le projet d'une Fédération européenne répond à un besoin urgent et incontournable pour l'avenir de la Zone euro et de la monnaie unique. En même temps, il correspond aux conclusions auxquelles était parvenue l'équipe de l'Université de Princeton sous la direction de Karl W. Deutsch. Après avoir analysé 33 cas d'intégration et de formation de communautés fédérales ou États fédéraux (11 concernant l'Europe de l'Ouest et l'Europe centrale et 5 l'Europe de l'Est), Karl W. Deutsch concluait : les Fédérations qui ont réussi, à l'exemple des États fédéraux suisse et américain, ont été formées autour d'un *noyau fédérateur* auquel se sont joints d'autres cantons ou États. Ce noyau a rempli historiquement le rôle d'un pôle d'attraction et parfois d'un pouvoir qui s'est imposé par la force comme avec la guerre du Sonderbund et la guerre de Sécession<sup>10</sup>. En revanche, cas unique dans l'histoire, l'intégration européenne se fonde sur l'association libre, comme en témoignent la création de la première Communauté Européenne du Charbon et de l'Acier (CECA) et les étapes d'approfondissement et d'élargissement de l'Union européenne.

### **Repères pour un Projet européen**

Afin de produire les effets escomptés, le Projet d'Union politique, texte constitutionnel de base de la Fédération européenne, doit être concis, clair et lisible pour les citoyens. D'une longueur de 20 à 30 pages, il pourra être complété au besoin par des lois organiques, protocoles, résolutions et conclusions du Conseil européen. *Le Conseil fédéral* (le Sommet des 18) serait la *présidence collégiale* composée des Chefs d'État ou de gouvernement, membres de la Fédération européenne. Il élirait son Président ou confierait cette fonction au Président du Conseil européen selon la procédure prévue par le Traité de Lisbonne. Il repren-

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<sup>10</sup> La guerre du Sonderbund entre les protestants et les catholiques a été de courte durée. Dès leur victoire, les protestants ont tendu la main aux catholiques et jeté les bases de l'État fédéral suisse. En revanche, la guerre de Sécession a provoqué de nombreuses victimes et de nombreux dégâts avant que ne soit imposée une solution fédérale.

drait les traits essentiels du Conseil européen, mais ses compétences seraient renforcées dans les domaines régaliens. Son efficacité serait accrue par le recours à la majorité qualifiée.

Le *Congrès fédéral* comprendrait trois Chambres :

1. Le *Parlement fédéral* serait formé des députés européens qui siègent au Parlement européen. Il appliquerait les mêmes règles mais disposerait, en plus de pouvoirs budgétaires et de contrôle renforcés, de la faculté de prendre des initiatives législatives.
2. Le *Sénat fédéral* (Chambre ou Conseil des États) agirait par codécision avec le Parlement fédéral.
3. Le *Sénat des Régions* serait composé d'élus des Métropoles, des Régions et autres collectivités publiques. Selon les domaines, il pourrait être appelé à co-légiférer ou à formuler des avis.

Innovation institutionnelle dans l'Union Européenne, le Sénat des Régions aurait pour but d'associer les Régions, les Métropoles et les collectivités publiques à la fonction normative et réglementaire dans les domaines qui les concernent ou sur demande d'autres institutions. La création de cette institution originale ne ferait que refléter l'évolution de ces communautés et la place qu'elles occupent au sein des structures politiques européennes et nationales. En témoignent les velléités d'indépendance de régions telles que l'Écosse et la Catalogne, dont l'une est à la veille d'un référendum, alors que l'autre se retrouve empêtrée dans un conflit avec Madrid au sujet de sa demande de référendum sur l'indépendance. A ce propos, quelle que soit l'issue de leurs démarches, elles confirment les prévisions de Denis de Rougemont concernant l'émergence des pouvoirs des Régions et des Métropoles, mais aussi des collectivités publiques. Cette tendance est accentuée par l'utilisation généralisée des réseaux sociaux et des moyens de communication et de gestion.

Au lieu d'assister à la création de mini-États, à l'accroissement de leurs bureaucraties et diplomaties, nous estimons, en suivant les traces de Denis de Rougemont, que le Sénat des Régions serait susceptible de leur offrir un accès institutionnalisé aux fonctions autonomes. Ainsi auraient-elles la garantie d'une plus grande participation proportionnelle à leur autonomie accrue. La proposition d'un Sénat des Régions a été avancée par les Länder allemands lors de la négociation du Traité de Maastricht. Face aux disparités qu'accusent les régions dans l'Union et aux oppositions de certains États membres, le Sénat des Régions

s'est réduit comme peau de chagrin à un Comité des Régions doté de pouvoirs uniquement consultatifs. Récemment, la question a été remise à l'ordre du jour en France par le Président Hollande qui a proposé de réduire le nombre de régions et d'envisager de les doter de compétences réglementaires. Ce pouvoir réglementaire leur permettrait d'adapter les lois de la République à leurs conditions spécifiques. De là à les comparer avec les directives européennes, il n'y a qu'un pas. Quant à l'Écosse et la Catalogne qui brandissent la menace d'indépendance, elles pourraient à leur tour trouver un exutoire dans l'affirmation de leur autonomie et la participation au Sénat des Régions. Ce serait une réponse appropriée à leurs volontés indépendantistes sans provoquer d'effets conflictuels et imprévus.

La Commission dans sa configuration à 18 se transformerait, dans le Projet politique européen, en *Gouvernement fédéral*. Le Président du Gouvernement fédéral serait choisi, parmi les trois principaux candidats sortis en tête aux élections européennes, par le Conseil fédéral qui le proposerait à l'investiture du Congrès fédéral. À son tour, le Président du Gouvernement – qui pourrait présider simultanément la Commission européenne des 28 – choisirait les membres de son Gouvernement sur la liste des candidats présentés par les États membres de la Fédération européenne. Il nommerait les Vice-Présidents, Ministres et Ministres-délégués et distribuerait les portefeuilles.

Le Gouvernement européen exercerait les fonctions exécutives prévues par le Traité de Lisbonne et les traités complémentaires conclus par les membres de la Zone euro. En matière de « haute politique », il prendrait des mesures dans le cadre des grandes orientations et des directives du Conseil fédéral dont il assurerait la préparation. Il disposerait en outre du droit d'initiative et de proposition à l'égard du Congrès fédéral et des trois Chambres. Sur la base de ses propositions, le Conseil fédéral définirait les grandes orientations tant en matière de relations extérieures, de défense et de sécurité, que dans les principaux domaines d'activité de l'Union Européenne et de la Fédération européenne à 18.

Le Rapport Tindemans (1976) à l'élaboration duquel j'ai pris part, et le Projet de traité d'Union européenne du Parlement (1984) dit Projet Spinelli, contenaient des propositions novatrices dont on peut s'inspirer. Ainsi le premier prévoyait un centre de décision unique, le recours au vote majoritaire et une voix unique. Thèmes récurrents qui n'ont pas trouvé de solution jusqu'à présent. En outre, le Rapport Tindemans exigeait un engagement à réaliser une politique commune dans des domaines privilégiés tels que l'économie mondiale, les rapports avec les États-Unis, la sécurité, les crises et les conflits. Le Projet Spinelli avait quant à lui pour leitmotiv l'Europe unie parlant d'une seule voix dans de plus en plus nombreux domaines d'intérêt commun à l'exemple de la paix et de la sécurité,

des droits de l'homme, des relations économiques internationales. Depuis l'échec de la Communauté politique européenne en 1954, nous assistons ainsi à une quête d'identité européenne et d'une politique commune dans les « domaines souverains » que les États cherchent à garder dans leur orbite.

En s'inspirant de l'exemple de la Haute Représentante de l'Union, les Ministres fédéraux présideraient les Conseils de Ministres nationaux. Quant à l'aménagement administratif, il s'inspirerait de l'organisation du Service d'Action extérieure qui est destiné à se développer en approfondissant et en élargissant ses compétences et en adoptant une stratégie générale des relations extérieures selon les orientations du Conseil fédéral. Le Gouvernement fédéral prévoirait les moyens nécessaires à la mise en œuvre de cette stratégie globale après son approbation par le Congrès européen. Dans le cadre de son action diplomatique, le Gouvernement européen aurait la faculté de proposer des réformes et des regroupements des Ambassades des États membres afin d'accroître leur efficacité et leur coopération.

Les instances juridiques de la Fédération européenne fonctionneraient au sein de l'actuelle *Cour de justice*. Outre le pouvoir juridictionnel dont celle-ci est dotée par le Traité de Lisbonne, sa compétence serait étendue dans le cadre de la Fédération européenne aux responsabilités et aux fonctions d'une Cour constitutionnelle.

*La Banque Centrale Européenne* (BCE) déploierait ses activités conformément à son statut en vigueur. Elle aurait la faculté de proposer au Gouvernement fédéral et au Conseil fédéral d'étendre ses compétences en y incluant des responsabilités dans les sphères de l'emploi et de la croissance. L'extension de ses compétences serait soumise à l'approbation du Parlement fédéral et du Sénat fédéral.

En s'inscrivant dans la ligne du Mécanisme européen de stabilité, un *Fonds Monétaire Européen* (FME) pourrait approfondir ses interventions préventives et d'assistance financière. A cette fin, il pourrait proposer une augmentation de sa capacité d'aide et de soutien ainsi que de son éventail d'interventions.

L'expérience de la *Démocratie participative* est un des traits caractéristiques de l'intégration européenne. C'est ainsi qu'une place particulière est réservée à la consultation institutionnalisée sous la forme du Comité économique, social et culturel. En parallèle se déroulent les processus de consultation informelle qui permettent aux organisations professionnelles et aux associations de citoyens d'avoir accès aux centres de décision. Quant à la participation des citoyens, elle suppose l'existence de canaux officiels tels que l'initiative et le référendum européens. Dans le même esprit de légitimité démocratique, la ratification d'un traité-constitution à 18 devrait être acquise à des majorités renforcées ou par référen-

dum européen. Il s'agirait là de reprendre la proposition du Général de Gaulle de recourir au référendum européen afin d'assurer une large légitimité démocratique fondée sur l'approbation directe du corps des citoyens européens.

L'EUROPE DE DENIS DE ROUGEMONT (François Saint-Ouen, éd.)  
Louvain-la-Neuve, Academia L'Harmattan, 2014, pp. 148-169





## **The quest for an unprecedented European federalism**

(excerpt)

### **Guidelines for the forthcoming debate**

The European Union is looking for a new model on which to base the distribution of powers and responsibilities between its institutions on the one hand and on the other, between the European, national, regional and local levels. A model, which could strengthen the legitimacy of the European Union and make citizen participation more accessible, whilst simultaneously improving its transparency. What are the means of access available and to what degree can they be used? In this context, what is the role of associated networks and public opinion? Do the European elections and other electoral consultations allow for citizen participation and democratic control?

The answer to these questions lies in the analysis of a number of parameters, the principal one being the degree of public participation in European integration, which brings us to another question: How to render the institutions of the Union both more efficient and more democratic?

### *Informal participation*

A little known and often neglected facet of European institutions are the multiple networks, which have grown up around decision centres. The impact of Community power, which has a tendency to grow and diversify, resulted in the emergence of socio-economic groups, diverse lobbies and an impressive number of experts and advisors, estimated at tens of thousands. Since the earliest years of the European Community, the Commission has been in the habit, when developing its proposals and its decisions, of consulting specialized and organized lobbies at the European level. This resort to a wide consultation results in diverse information and knowledge whilst providing a better appraisal of the distribution of powers and vested interests. Dialogue also enables the Commission to rely on the support of socio-economic groups. For its part, it opens doors, which will allow European institutions to exert their influence and to bring their contribution.

Vectors of information and ideas, porte-parole and sectoral and citizen lobbyists, they nevertheless assume a specialized form or representation and participation. The impact of the Union does not spare sectors such as the media or scientific,

educational, and cultural circles. Although these different networks communicate continuously notably by electronic means, this does not lessen the value of meetings and personal contacts with enable mutual confidence. It is thus that a vast network of associations is woven which, according to de Tocqueville, forms the social infrastructure of democracy.

*A fundamental charter or a constitution for the EU*

An effort at clarification is required, demanding better information and more transparency. An increase in the European public support for, and increased confidence in, European institutions is concrete proof of their representation, democracy and efficiency. To this end, the European Union must adopt a fundamental charter or a constitution, which defines its objectives and fundamental principles, and establishes the distribution of powers and responsibilities notably between national authorities and European institutions including the distribution of competences between the two. This charter should also determine the range of standards and common decisions. What is imperative is that only the most essential be included in this fundamental, succinct, and clear document.

This European Constitution should include the basic principles of democracy and liberty, and should ban all discrimination associated with sex, ethnic origin, religion, beliefs, handicap, age or sexual orientation. These principles are written into the Treaty of Amsterdam and the Charter of Fundamental Rights which was adopted at Nice, they figure alongside asylum rules, immigration and exclusion, questions of high priority for European opinion. Together, they form the layout of a European model for society, which brings together a wide consensus and gives meaning to the European identity. Consequently, the resort to principles of subsidiarity is promising. However, the range still needs to be clarified: this consists of not attributing to the State or the Union, what could be done better by the Regions or local collectivities themselves; on the other hand it is necessary to give the State, Region, or Union those tasks for which they are the only ones, or the most suited, to carry them out. This principle, on which federal communities are based, can be used either to augment or to decrease the powers of the central institutions, but in either instance, the conditions of choice must be defined.

Other principles inherent in the majority of political cultures in Europe, such as the *separation of powers*, *responsibility* and *democratic control* must shape the organization of the Union and dispel confusion: the Council of Ministers holds both the executive power and the legislative power at its heart. For its part, the Commission too has an ambiguous image: is it a political institution or an admin-

istrative and technical organ? Is it independent of governments or are its members state “representatives”?

*Towards an unprecedented variant of the federal model*

The sharing of powers should rely more on federal principles of autonomy and double participation, thus providing a more solid basis to the legitimate founding of the Union. Consequently, an initial ambiguity will be removed, the Council will only keep *some governmental functions*, which it will exert as recommended by the Commission and under the supervision of the European Council. It will be both the infrastructure and the executive arm of the European Council and will take its decisions by qualified majority. It will not transform itself into a senate, as is often proposed, but will split itself into a Council of Ministers and a Council of States, the latter would assume the *legislative functions* in common with the European Parliament. With the result that the legislative power would be attributed to a bicameral institution made up of a Council of States and the European Parliament, the former would ensure the participation of state representatives — whose autonomy is not questioned— and the latter would guarantee the direct representation of the citizens of the federal Union.

If the election of the European Parliament only raises the question of harmonized, if not uniform polling methods, the designation or election of the members of the *Council of States* offers numerous options: nomination by national governments (for example, the Bundesrat in Germany), election by national Parliaments or directly by the voters of member states (for example, the Council of States in Switzerland). Additionally, variable combinations are not to be excluded, such as representation, where half consists of ministers and half consists of national parliamentarians. Whatever formula is chosen, the two chambers will be responsible for adopting Community laws as proposed by the Commission. Their authority and their visibility will be clearly established.

The *European Council*, representing the supreme executive powers of member states, will assume the role of collegiate presidency of the Union. Its previously established commitment, as a provider of substantial guidance in political economy or in external politics, will be reinforced and its action will become more continuous by relying on the Council and the Commission. The continuity and visibility of its interventions require the election of its president from the members of the European Council or by the proposals of the two chambers or directly by its citizens for the duration of its legislature. In this new structure, the role of the European Commission would be confirmed as the true executive or government

of the federal European Union, drawing its authority from a double source: the European Council and the European Parliament.

*Proximity by participation*

The former president of the Commission, Jacques Delors, proposed that the major European parties, such as the socialist party or the popular European party, designate their candidates to the presidency of the Commission at the time of the European elections in 1999. The proximity and the legitimacy of the European Union would become more powerful. The mobilization of parties and their voters, and the rivalry over European themes could only stimulate the participation, or even the commitment, of citizens. The effect of the vote will become more perceptible. The same can be said if the elected Parliament had to exert fully its legislative and budgetary powers and democratic control. This direct link will contribute to an increase in participation and confidence. Two other ways could be envisaged that would create more direct access to the decision centre: the creation of a third chamber, a *Chamber of regions*, and the establishment of *referenda* and *initiatives* on the European scale.

When the Maastricht Treaty was drafted, the German *Länder* had proposed the creation of a *Senate of regions*. The Committee of Regions was created, but its powers of co-decision were replaced by consultation. The political vocation of the Committee of Regions was apparent from the beginning by the presence of the elected members of the regions, towns and public communities which were ratified by the Nice Treaty<sup>1</sup>. However, at the moment, the disparity of its members renders its metamorphosis into a Senate of Regions more difficult. Nevertheless its evolution towards an intermediary mechanism, which would be the *porte-parole* of regional, urban, and local diversities that are being asserted at the heart of the Union, is foreseeable<sup>2</sup>.

The question of resorting to *referenda* was raised at the time of the ratification of the Maastricht Treaty. *Vox pop* projects European problems into the heart of the public debate, and is thought provoking by presenting voters with an important choice. *Vox pop* exposes the divisions and resistance and measures popular will

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<sup>1</sup> This proposal which was made a long time ago by general de Gaulle is comparable to the observations made by Olivier Duhamel in his report on the European Parliament's project for a constitution.

<sup>2</sup> Article 263 TCE "a committee of regions made up of representatives who are either mandated by regional or local or who are politically answerable to an elected assembly".

for or against the European Union. In the same way, the resort to referendum by the new adhering states reinforces the legitimacy of their fundamental decisions. However, the Danish and French referenda on the Maastricht Treaty raise a general question: is it justifiable that the Danish no-vote of 50.7%, which represents less than 2% of European citizens, should have the effect of a veto? In order to avoid blockage by a small minority, a more equitable and less paralyzing procedure is needed, for example, a level of ratification of two thirds of member states. In other respects, national referenda in a domain as important as the euro may end up creating a "Europe a la Carte". On the other hand a European referendum that ratifies a constitutional treaty would provide the European Union with a basis of popular legitimacy.

At the heart of the Union, contacts are being made and means of participation are being developed in many different ways and on many different levels. This mesh of interconnections and participation is being strengthened and dispersed thanks to the arrival of advanced communication technology, which has created instant exchanges and horizontal communication networks. As the scope of the work widens, territorial frontiers are becoming much less important. It is in this dynamic context that the European Union is evolving and creating cross-frontier relationships.

### **Conclusions open to the future**

The overview of the experiences of federal states and the analysis of the European Union expose both the common traits, and the distance that must be covered before the Union can consolidate its democratic legitimacy, and increase its ability to act and to influence. The size and diversity of the Union make these steps difficult, especially as its core federator cannot yet ensure a dynamic equilibrium between the centre and the peripheries, between foreign and security policy and economic integration, and between converging and centrifugal forces.

Two main reflections result: which group of avant-garde countries and which institutional core federator would lead to political integration and the formation of an original European federation? Referring to the first point, a certain convergence is emerging between the ideas of the avant-garde and the dynamic core, the centre of gravity and the heart of Europe, they are the pioneer group. Whatever the term, on the eve of enlargement there is a concern: which countries could form the dynamic core at the heart of the Union to ensure that it does not get dispersed into too wide a market? The experiences of the formation of other federations are witness to the primordial role of the lead group to integrate the members of a developing federation. As of now, the question is to know which

member countries of the Union would like to, and would be capable of, becoming part of the pioneer group. It is essential that they progress, whilst adhering to standards and common policies in the institutional framework of the Union. If the founding countries, together with those at the heart of the euro zone, all seem destined to take on the role of core federator, they must leave the door open to other members of the Union, and encourage their participation in this federal adventure.

The following two steps have been proposed:

- a) In the first phase the countries making up the avant-garde core may resort to enhanced cooperation, as the French president stated, in order to avoid an increase in disparity between sectoral cooperation and to maintain cohesion as opposed to sliding towards a "Europe a la carte". During this process, in the face of multiple challenges, it is essential to stay on course for democracy and participation, more openness and transparency, and more efficiency and external capacity. It is in light of these principles and objectives that reforms and adaptations to the Union must be undertaken. Firstly, the revision procedures need to be reconsidered, they should no longer be the responsibility of intergovernmental conferences, which demand unanimity at the time of both negotiation and ratification. The intergovernmental conferences have shown their limits and give the impression that they were beyond the influence of European citizens. By its very nature, the intergovernmental conference creates a gap between itself and the citizens without being able to offer the advantage of solid preparation, as did the Spaak report, which was the basic document underlying the negotiations of the Rome treaties.
- b) Secondly, avant-garde countries will adopt a constitutional treaty, which will form the dynamic core or centre of gravity of the European Union. An assessment of these procedures and the proposals of the French President should lead to good drafting of a European constitution, which will be both clear and succinct and which will require substantial support from its citizens. Consequently, there is a need for thorough consultation and a genuine European debate.

As of now, the European Union is called upon to fulfill a minimum of political functions, which have always been assumed by the political communities. Functions that have been carried out by different institutions and in different ways throughout history, as has been demonstrated by primitive communities, Greek cities or the Roman Empire, federal institutions of the Middle Ag-

es and states, and international organizations and regional communities such as the European Union. Together, the member states of the Union exert sovereign powers, which largely coincide with the powers attributed to a federation. The difference is that a federal state or a federal community guarantees a balance between institutions and functions; the Union rests on disparate pillars, and is aware of these dysfunctions and a lack of democracy and external influence. The CFSP is an example of the high cost and inefficiency of the intergovernmental method which, moreover, is not under democratic control.

In every durable federation capable of undertaking essential tasks, a common structure of authority exists whatever the degree of autonomy of the member states and the distribution of powers. A set of institutions shares legislative, executive and judiciary functions and guarantees the external representation and the security of the federation. In the European Union these tasks are unequally distributed between supranational institutions and common intergovernmental institutions. The *active power* is distributed between the European Council, the Councils and the Commission.

The Commission, being an original and autonomous institution, has the right of initiative and proposal, alongside powers of surveillance and management. It is the only institution bestowed with active powers and with the responsibility to define the *general European interest*, founded on a global and objective vision and on the promotion of political standards, and guidelines for action in a community perspective. However, the Commission, which fills a *pivotal role* as the first pillar of the Community, is reduced to a marginal role in the CFSP and in the sub-system, which is endowed with a rapid reaction force, and to a lesser degree, in external affairs and justice. The juxtaposition of diverse sub-systems creates dysfunctions, imbalances, and waste whilst beginning the early stages of cooperation. This transitory form is based on the European Council and the Council. While the European Council gathers the most important political leaders from the member states, it bears the imprint of national visions and interests and suffers from the predominance of the big member states, the absence of infrastructure and the lack of continuity. In spite of its deficiencies, it has played a positive role, in the sense that it endorsed general proposals and orientations. Its intergovernmental nature and its essential traits, even if improved upon, do not seem to predestine it to become the government of the Union, but on the other hand, prepares it to sanction the major trends and to assume a form of collective presidency of the Union.



For their part, the general Council and the specialized Councils take on both legislative and governmental functions in the domain of economic integration as proposed by the Commission; on the other hand, they are supposed to take on, with help from the Commission, responsibilities in the domains of cooperation. In spite of communication networks and ties of collaboration, which have been woven between the “part time” members of the Councils, they are not equipped to prepare, adopt and follow decisions in diverse domains and even less to ensure efficient coordination between diverse activity sectors in the European Union. From which arose the suggestion of enforcing the principle of the separation of powers, by distinguishing a Council of States with a legislative function, from the Council or the Council of Ministers, acting as a support to the European Council or in the framework of its major orientations.

As for the European Commission, its vocation is to assume governance either at the heart of the Union or the European Constitution. Seemingly, it is the only institution made up of full-time members, in charge of active functions, enjoying sufficient autonomy to act as counterweight to national interests as represented by the Councils and to guarantee global cohesion at the heart of the Union. In order to maintain its role after enlargement, it should ensure that it reinforces its collegiality and its efficiency (limit the number of members and render its small administration more efficient)<sup>3</sup>. Throughout the long experience of the European Community, the Commission has accomplished — admittedly with highs and lows — its role as an institution in charge of promoting initiatives and formulating proposals. All in all, it consists of a political task and not only a legal and administrative one. In doing this job, it plays a balancing act that guarantees equilibrium, and develops modalities of shared sovereignty whilst avoiding permanent coalitions.

The Commission’s approach is often based on consultations with experts, principle actors and interested parties and looks for balanced objective solutions which safeguard the interests of small and medium-sized member states. This explains their attachment to the independence of the Commis-

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<sup>3</sup> To reduce the number of members of the Commission, various solutions are foreseeable: rotation, as practised by the lawyers at the Court of Justice; commissioners and associate commissioners from certain countries and groups of countries. All these approaches and their combinations call for a strong president of the Commission capable of guaranteeing and maintaining its collegiate character. Although sometimes accused of excessive bureaucracy, the administration of the Commission is miniscule in comparison to national, Länder or big town administrations, taking into account the extent of their tasks, and the size and diversity which are characteristic of the Union.

sion. It has often been defended by small and medium-sized member states during intergovernmental conferences. These states claim difficulty in asserting their interests in the intergovernmental structures that are primarily dominated by the big member states. On the other hand, in a community orientated or federal system, the Commission tries, by suggestion and by negotiation, to keep to the common European interest whilst maintaining a balance between all the members. From this springs the need to preserve and even to reinforce the authority of the Commission and its political capacity. The active presence of the Commission in domains subject to intergovernmental cooperation will be even more necessary in the future, as in these domains the preponderant weight of the big member states could encourage the "informal" formation of a shadow government, capable of imposing its choices on the European Council or the Council of Ministers for Foreign Affairs and Defence. The recent experiences in ex-Yugoslavia and the war against Yugoslavia have highlighted as much the lack of coordination between the big member states, in the absence of an analysis and a community proposal, as much as the determining weight of their complicity. That does not mean to say that all the big states favour the intergovernmental system. It is thus that in a more long-term European perspective, the Minister of Foreign Affairs, and later the government of the Chancellor pronounced themselves in favour of a Federal Union. It is becoming ever more apparent that a few years from now a choice must be made between, on the one hand, the big European market and its counterpart, political cooperation and, on the other hand, a European Federal Union. Unless the Federal Union becomes the core federator at the heart of the European Union.

Another dimension of the role of the Commission manifests itself in the relationship between qualified majority and the authority of the Commission: the proposal of the Commission takes into account the general interest and the balance between the national interests and activity sectors and facilitates the extension of the rule of qualified majority. However, in order to exert its responsibilities efficiently and to answer the demands of the states, regions and peoples, the Commission must have more direct legitimacy and must develop its governance capacity. The increased democratic legitimacy could result in a more substantial role for the European Parliament and political parties, come the time of electing a new President of the Commission, and nominating a new College.

As for governance capacity, one must first *distinguish between governance and management*. For some time, the complexity of our societies has been increasing, with the development of networks of communication and collabo-

ration. As a result, official and private representatives and small groups, and even individuals, can voice their opinions, and can validate their claims and interests. A myriad of associations, corresponding to the varying levels of activity both inside and outside the European Union have been added to governments, regional, urban and local authorities, and interest groups. Consequently, the circle widens to include more and more participants, thus adding to the complexity of our societies and the difficulties in their governance. Enlargement and relations with developing countries and particularly the wave of globalization have only multiplied the number of actors and increased the complexity of relations and interactions. The more complexity increases, the more the need for *institutionalized leadership* at the heart of the Union becomes apparent. On the basis of common principles and objectives, having listened to many voices and collected expert advice it will be necessary to map out common orientations. This complex task can be given to various common institutions of which the Commission heads the list. Still, it must be able to focus these activities, which demand reflection, the capacity to evaluate, and the spirit of innovation and leadership. Promoting, stimulating and leading, according to clearly defined medium to long-term objectives, and ensure, if necessary, follow-up and coordination, these are the essential elements for governance on the European scale, or, indeed, on any national, regional or local level. On the other hand, the multiplicity and rapidity of communications demand both reflection and vision.

In order to be able to carry out this *task of governance* with the approval of the European Parliament and the Council of States and under the control of the European Court, the Commission must examine the possibility of handing over control of numerous sectors to *European agencies and authorities*, and to decentralize some of its activities<sup>4</sup>. This is the only way to concentrate on the essential functions of governance. The reform of the Commission and the review of its tasks are even more necessary as the College will have to increase its role in foreign policy and common security. A cost-benefit analysis of non-European countries including their common commercial policies and their role as a counter-weight to the WTO, should encourage European politicians to fulfill their responsibilities to their citizens. The Commission will fulfill a central role as an active community institution, principally devoting itself to governance and European public assets.

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<sup>4</sup> This trend develops with the creation of European agencies, authorities and centres, distributed throughout the Union.

The Commission and its administration's long experience, lessons from the recession and the challenges with which the Union is confronted, are serious reasons for a re-evaluation of the indispensable and irreplaceable role of the Commission. On more than one occasion, observers and representatives of member states, particularly Germany in the recent past, and the small and medium-sized states, have highlighted its role. By fulfilling its European function, the Commission not only guarantees global equilibrium and protects the interests of its members but, by its impartiality and its autonomy, it also facilitates the extension of the rule of qualified majority. The Portuguese Secretary of State for Foreign Affairs, who opposes the efforts of certain member states to weaken the Commission, corroborates this assertion. In his opinion, a shift in power to the advantage of the Council of Ministers would be dangerous and could constitute a threat to the cohesion of an enlarged Union<sup>5</sup>. Chancellor Schröder, in his turn, defended the role of the Commission.

The Nice Conference proved the difficulties of cohabitation between the intergovernmental, community and federal methods. In spite of intergovernmental cacophony, Nice took a step forward, on the subject of enlargement but discussion on consolidation was more cautious. Qualified majority has certainly been extended, cooperation enhanced and the Court of Justice has gained more respect. As for the Commission, its independence and its high level of competence are once again guaranteed. Its president has been granted powers which, in the future, will allow him to exert true political leadership. On the other hand, the Commission will continue to grow despite the French desire to restrict the numbers to 12, each member state will have a representative on the Commission until the time that the enlarged Union reaches 27 members.

Weighted voting at the Council and the attitude towards the President of the Commission have caused a family quarrel between France and Germany. This quarrel, along with the continuing cleavage between big and small member states, reinforces the inadequacy of current intergovernmental conferences, as voiced by President Chirac. For his part, Chancellor Schröder suggested that intergovernmental cooperation by taking a stance against the Community approach to integration was not able to build the future of Europe. This led to his rejection of the intergovernmental European model. In the same vein, he asked member states to reaffirm their support of Commu-

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<sup>5</sup> Francisco Seixas da Costa in "Portugal defends rights of smaller states", *Financial Times*, November 20, 2000.

nity institutions immediately and, particularly, the Commission. In his turn, President Prodi claimed that 'intergovernmentalism' leads to conflicting results, encourages indecision and, even worse, incites distrust between member states in the absence of an 'honest broker'.

The diagnosis of a divided European Union presented at the beginning of this study was largely confirmed by events at Nice. As a consequence, contradictory interpretations have developed. For some, the emergence of an intergovernmental union was the death knell of a federal union; for others, of which I am one, Nice proved that for Europe to progress it needs to consolidate the Community and complement the European political system by creating a core federator, capable of carrying out the principal functions of a political community. At Nice, Germany stood out as leader of the future core federator of the Union due to its economic and democratic weight, to its central position in an enlarged Union and, above all, thanks to its experience of federalism and of its desire to build, with France, an integrated Union, of an *unprecedented federal type*. The constitution, or the fundamental charter, or the constitution-treaty will allow Europe fully to assume its responsibilities. In this perspective, the French President and Prime-Minister, endorsed a federation of nation states along the lines of Jacques Delors' earlier suggestion<sup>6</sup>.

The moment is approaching when the members of the federating core will be faced with a choice: to follow and reinforce the common effort by sharing sovereignty in regal matters and in social and economic affairs; or to get enmeshed in intergovernmental wrangling, in confrontations of national interest from which will emerge a new power, Germany. For whom both the United States and Russia will be the privileged partners. However, only the first option will allow for the development of a balanced trans-atlantic dialogue on the US-EU axis and an efficient Russian-EU partnership. They are faced with a choice between a German Europe and a European Germany at the heart of the European Union. The Nice Declaration left the situation open: "by having opened the road to enlargement, the Conference wishes that a wider and more profound debate should be started on the future of the EU. In 2001, the Swedish and Belgian presidencies, in cooperation with the Commission and with the participation of the European Parliament, should encourage a debate between all interested parties: national parliamentari-

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<sup>6</sup> Cahors, February 9, 2001. 'Jacques Chirac and Lionel Jospin reaffirmed the concept of a federation of nation states developed by Jacques Delors for the European Union.' *Le Monde*, February 11 and 12, 2001.

ans, politicians, economic and university leaders, and representatives of the general public, etc". The conference, planned for 2004, should decide the outcome of a federal union.

The increasing influence of the European Union on everyday life brings it closer to the time when it will have to face up to its structure and impact. The time has come to stop doing federalism, as Mister Jourdain writes prose. The Union and its member states, which are in the process of federalization or regionalization and companies, practice the federal method, wittingly or not. Devoid of its public authority and of a strong power, the European Union is condemned to innovate, its power residing more on promotion, coordination, stimulation and adhesion than on constraint. With respect to diversities, indispensable participation and the free right to join are the two essential traits of this politically enterprising innovation, which is the European Union.

This quest for an unprecedented European Federalism is founded on federal principles and is inspired by federal and community-orientated experiences. It is built on a common European culture, rich in its diversity in which the political reflections are incarnated in the various forms of a federal Union. The federal principle appears to be the most apt to take on the new technology whilst guaranteeing the blossoming of cultural riches including national and regional identities into a unit susceptible of creating a community of destiny and to unite Europeans in the great adventure for the benefit of mankind.

NOTRE EUROPE, Paris (Groupement d'Études et de Recherches)  
Research and Policy Paper, n° 14, July 2001 (pp. 71-84)<sup>7</sup>

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<sup>7</sup> Published under the title : *The Federal Approach to the European Union or The Quest for an Unprecedented European Federalism.*



## **President Macron's call for a « sovereign Europe »<sup>1</sup>**

*In the light of the EU's existential crisis, President Macron, a truly committed European, has proposed his vision for a "sovereign Europe". The bottom line is that the Union is not, or rather is insufficiently equipped with sovereign powers. Yet it is these very sovereign powers which are needed in order to effectively respond to the considerable threats hanging over the EU and the Eurozone. Particularly with regard to currency, foreign, defence and security policy, as well as migration. In our democracies all of these areas are subject to a political authority and parliamentary control. Especially the army and security forces. As the reform of the 27-member Union will be a more or less lengthy process, one could envisage taking immediate action by using "enhanced cooperation" in order to create a federative political core capable of giving a new impetus to all 27 Members States.*

### **How can we overcome the global crisis?**

#### *The Eurozone and beyond*

The European Union is experiencing a multifarious existential crisis. With a few slight variations and to differing degrees, there is a consensus regarding the threats and the main challenges with which the EU is confronted. On the other hand, there is no agreement on how to tackle these threats. Take for example the Eurozone: the question of its reform, of an ultimate way out of the crisis and of austerity measures which have taken a heavy toll on certain Eurozone Member States. For instance, the austerity imposed by Germany provoked a psychological war between the Greek and German media.

The issue of poverty and mounting inequalities, high unemployment and the public debt have undermined social cohesion and weakened democracy, not only in Greece but mainly in the Southern Eurozone countries. An essential question comes to mind: how were the United States able to rapidly overcome the crisis which they brought about, whereas the Eurozone in particular is struggling to attain the same economic level which it enjoyed before the crisis? And

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<sup>1</sup> Original French version of this article was published in « La Revue de l'Union européenne », n° 615, February 2018.



yet Merkel and Hollande both agreed that the failure of the euro would spell the end for the Union.

### *Internal threats*

The resurgence of National Populism, of Euroscepticism and anti-Europeanism is often accompanied by a rise of far-left and far-right movements. Austerity has paved the way for an authoritarian drift in Central Europe (Poland, Hungary, Czech Republic). This surge has also taken hold in Austria, Germany, the Netherlands and even in France where for a long time the National Front has been casting a shadow over the Union. History is repeating itself in the wake of the break-up of Yugoslavia and the growing divide within the Union between North and South, as well as between those Member States who respect democratic values and principles and those who have recently gone off course. Brexit has confirmed this tendency as does the separatist upsurge in Catalonia and Scotland.

The Union seems to have lost its way in the whirlwind of globalisation, faced with the influx of migrants which has fuelled the Visegrad Group's sense of protectionism in refusing to admit those migrants passing through central Europe.

For a long time, the flood of migrants into Italy was considered to be Italy's responsibility whereas Greece was receiving aid from the Union. However, the lack of any European Asylum and Immigration policy is playing into the hands of the far-right parties. Apart from in Germany, the 450 million European citizens are reluctant to host refugees and migrants despite the fact that their population is declining all over Europe, France being the exception. At the same time, the threat of Islamist terrorism hovers over us, increasing the sense of insecurity. The fall of Raqqa cannot be seen to herald the end of the terror attacks. The Union is up against an ideological, religious and security war, which is being waged by fanatical groups and even individuals.

Simultaneously, the challenges are mounting in the form of organised crime and the threat posed by GAFAM which abuse their monopoly to flout the rules of the game, while digital technology and the problems of cyber security are invading Europe and the world. Then there is America's international disengagement under Trump, the regional conflicts in the Middle East and the nuclear threat posed by North Korea, which are all generating a mood of suppressed fear and triggering a move towards a return of the Nation-State. On top of these threats there are the challenges linked to climate control, energy and unfair competition which all go towards creating an atmosphere of international disorder.

### *The spillover effect of the global crisis*

These multiple threats point towards the absence or lack of sovereign powers within the Union, as well as the absence of a global vision, all the more essential since these crises, threats and challenges are increasingly interconnected and interactive. By tackling one problem, this creates a ripple effect in other sectors, thereby causing a global crisis. On the other hand, apart from the case of the European Defence Community (EDC) and the European Political Community (EPC), all the crises before “the great financial crisis” of 2008 were characterised by their sectoral nature. This is true for “the empty chair crisis” regarding agricultural policy and voting by qualified majority. Contrary to the idea that such ordeals make Europe stronger, I have observed a weakening of the Community spirit and commitment. In the current crisis Jean Monnet’s strategy of integration sector by sector, which was to lead step by step to political Union, has reached its limits. Hence the current dilemma: either take a “political leap” or accept the decline of the Union.

Going back to these different examples of a combination of crises, of changes to the political and environmental climate, and of innovation in digital technology, the only effective response is President Macron’s proposal for a “sovereign Europe”. Immediate action needs to be taken to provide Europeans with renewed hope and reverse the harmful “spillover”. This is a precondition for a general reform of the Union to be envisaged in the medium or long term and explains why several proposals advocate recourse to “enhanced cooperation” with a view to setting up a core group equipped with sovereign powers. The long-term survival of the euro is contingent upon the creation of a political authority. Whereas, to quote Brugman’s expression, the euro today is a product of Europe’s “back to front federalism”.

### **The new strategy**

#### *The Union is in urgent need of a political core*

The future political Union is the key to the success of the monetary Union. This is what the Bundesbank maintained in 1992<sup>2</sup>, followed in 1994 by the project of Lamers and Schäuble calling for a “hard core” equipped with a government and

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<sup>2</sup> *Monthly Report of the Deutsche Bundesbank*, February 1992

a legislature. Personally I prefer the term “federative core” and I will never tire of reiterating the watchword: no single currency has ever existed without sovereign power. Yet the euro is incorporated within an economic mechanism deprived of a political framework. The study of numerous cases by Karl W. Deutsch’s team concluded that successful federations were formed at the instigation of a federative core.<sup>3</sup>

The shelving of the “Schäuble plan” in the 1990s, followed by the rejection of the European Constitution by referendum in France and the Netherlands marked the beginning of a series of grave crises: the financial crisis imported from the United States in 2008, which morphed into an economic, social and even political crisis, eroding societal cohesion. The drift toward authoritarianism in Hungary and Poland is evidence of this as well as the rising influence of national populist and far-right parties in European democracies.

Moreover, the threats are mounting: the effects of austerity measures, the surge of nationalism, a wave of populist even extremist and anti-European movements, as well as the fears aroused by the mass influx of migrants, by Islamist terror attacks and neighbourhood conflicts. So many Damoclean swords hanging over the European Union. At the same time, globalisation combined with the rise of superpowers such as China and India, Russia’s revival under Putin, as well as the destabilisation of the world order by President Trump and Brexit and even the wars in the Middle East are raising deep concerns, which are a wake-up call for the Union.

Some, including Macron, are calling for the reconstruction of the EU, whereas Merkel’s meeting with the Polish government has confirmed the latter’s desire to recover powers transferred to the Union. “European democratic conventions” will only be able to have a positive impact once confidence and renewed hope have been restored.

#### *The Union in a state of emergency*

It’s time to admit that the EU is in urgent need of a dynamic federative core equipped with sovereign powers if it is to be revitalised, with other Members who so desire following the same path. In this respect, the Lisbon treaty provides for “enhanced cooperation”, allowing for the creation of a vanguard political core

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<sup>3</sup> K.W. Deutsch et al., *Political Community and North Atlantic Area*, Princeton University Press, 1957.

group capable of responding to the accumulation of threats and ensuring the survival of the euro.

Incorporated within the Union, this core group would have at its disposal the same structures reduced in size to the number of its members: a European Council, a Council of Ministers and most importantly, an Executive and the ECB, the European Parliament composed of the 19<sup>4</sup> Eurozone members and a special Chamber of the Court of Justice. The core would have sovereign powers and its decisions would be taken according to the community method by qualified majority regarding monetary and economic affairs, but also in relation to external relations, security and defence, foreign military intervention or migration flows. This decisive move would ensure the survival of the euro, the definition of common strategies and the assignment of the means to implement them due to a specific budget. The details still need to be fine-tuned but the essential idea is to strengthen collaboration in a democratic structure incorporated within the Union.

As a result, the driving force inspired by this federative core would provide impetus to all 27 members by intensifying their "unity in diversity" in accordance with a federal outlook. It's up to France and Germany, together with Italy and other Eurozone States brave enough to do so to take such an initiative, thereby motivating all 27 Member States to follow their lead. It's time to cure the infantile disease from which the Union is suffering; ever since the failure of the EDC it has not been able to equip itself with a political project whereas today politics has replaced pure economics. This revival is what is needed for the European Union to recover its role as a beacon of democracy in our globally destabilized world. I am convinced that the very survival of our civilization depends on this. The creation of this core group within the Eurozone is a top priority faced with the disintegration of the European Union. President Macron's call for a "sovereign Europe" is a logical consequence of this sad reality.

With this in mind, we propose a two-step approach: 1) immediate action undertaken by a federative core within the Eurozone capable of breathing new life into the European Union; 2) a move towards reforming the Union in the medium term. The ultimate aim of these two initiatives is to establish a "sovereign Europe".

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<sup>4</sup> The idea of a separate Parliament composed of the 19 Eurozone members would not only run the risk of reinforcing the East-West divide but, worst of all, might also bring about a split within the European Union.

Moreover, confronted with the current wave of technological and digital innovation, of artificial intelligence, the Union is more than ever in need of a "High Ethics Council".

Democratic values and principles, human rights and solidarity are called upon to find their rightful place amongst all the activities carried out by the European Union. After a long period during which the Union's founding values have been marginalised by its economic and above all financial functions, the time has come to reunify these two complementary elements which constitute the originality of our European identity.

The political core would possess a holistic view, sovereign powers and the means required not only to ensure economic revival but also to effectively implement foreign, defence and security policy, particularly in the fight against terrorism, against the GAFAM tech giants and tax evasion. By revitalising all 27 Member States, this dynamic core group will rekindle hope for a united Europe whose citizens are supportive of one another in a destabilised world in the grip of nationalist and populist extremist movements. Indeed the economic crisis, increasing inequality and poverty are a breeding ground for authoritarian regimes in Europe, as well as throughout the world. Europe, a bastion of democracy and human rights, urgently needs to regain momentum and assert itself in the dialogue between cultures. The time has come to choose between allowing our European civilisation to either thrive or decline.

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