From Messina to Rome: Project, Method and Agenda or an ever Closer Union¹

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The meaning of “ever closer union” is a concept of fundamental importance, though the European Council had tried to belittle it in the so-called “new settlement for the United Kingdom”², which deceased after the negative outcome of the referendum held in Britain on June 23rd, 2016.

This is a pity because this agreement did not only exempt the United Kingdom from this goal, but it is interpreted by the European Council in the most restrictive fashion for the entire Union. Still, it is clear that the European Council is neither the guardian of the Treaties (which is the Commission) nor the interpreter (the Court of Justice).

In my opinion, “ever closer union” means federation. Some governments may not like it, but this is what they actually signed up for, arguably before Messina and Rome, in Paris.

It is not a scoop to point out that the Schuman Declaration of May 9th, 1950, already stated that the European Coal and Steel Community was the first step towards “a federation in Europe”³. Now, it is true that the Rome treaties, albeit ground breaking, are more sober than the Paris Treaty. And particularly, its evolution has responded to the principle of the lowest common denominator, with lots of prohibitions (harmonisation of social policies, etc.) and matters to be decided by unanimity (foreign policy, tax policy, multi-annual financial framework, and so on), which is the negation of federalism. The United Kingdom played a big role in adding all sorts of limitations after accessing the Communities in 1973.

In any event, the establishment of a federal core within the Eurozone is the only way forward since there will be no agreement at 28 to further integrate, even though the multi-crisis (economic, migrants, refugees, etc.) shows that purely national solutions do not work. Nevertheless, the Eurozone could be not so much an inner concentric circle, but a magnet. If the Eurozone delivers more stability and prosperity, others will join.

- Using as analytical framework the ideas of Luuk van Middelaar⁴, there are three different ways to achieve an ever closer Union: the German, the Greek and the Roman strategies. The German way is to create a feeling of belonging based on a common language or culture. The Greek approach looks to grant participation rights to the people. The Roman strategy gives benefits to the masses.
- In other words, the first strategy appeals to the heart, the second to the mind, the third to the pocket.

The first strategy is largely problematic. Using school systems to convey some myths about belonging to the same community is how traditional nation-states have been built. The Union, even though there is a common European cultural heritage, is a post-national reality whose original goal was precisely to overcome nationalisms.

Thus, the European polity must be based on Habermas’ “patriotic constitutionalism”, which means that togetherness is achieved by educating citizens on common values and rights.

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So, in practical terms, the German strategy becomes the marketing device for the Greek strategy: once you give more political rights to citizens, make them aware of them, ideally at school level. Actually, in order to achieve this we do not need to reform the Treaty of Lisbon. The introduction of a European citizens' education curriculum can adopt the form of a recommendation to the Member States by the Council, upon the proposal of the Commission (Article 165 of the TFEU). At least the members of the inner core should be willing to go down this route.

Such an initiative should not be underestimated. It is fair to say that the large majority of EU citizens do not really know how the Union works, the roles and competencies of the Institutions, even the origins of the project itself. Then, it becomes very easy to blame "Europe" as an abstraction for many of the problems that we face today, instead of directing criticism to specific European political parties, or to Member States that block any step forward acting as members of the Council.

This is not to say that the European democracy is perfect and we just have a communication problem. Certainly, we need to reform the Treaties, in practice giving more political rights, as the Greek strategy predicates. Nonetheless, European citizens have a fair amount of participatory rights, including voting for the members of the European Parliament, the right to petition, and the European Citizens Initiative. However, the main problem for European democracy is the imbalance between Parliament and Council. Specifically, the Parliament is still excluded from some fundamental policy areas, in which the Council has the sole legislative capacity, and sometimes the unanimity prevails (most clearly when it comes to taxation and the multi-annual budget). In addition, even when the Council decides by Qualified Majority Voting, in 85 per cent of the cases it resorts to working by consensus, thereby watering down

the Parliament's position, or even delaying for years a decision. Then, since effectively the Council has a veto power, the Parliament has a convenience to agree to even just marginal improvements, since this is better than nothing. But this is to the detriment of both efficiency and democracy. Thus, a fully democratic and federal Europe requires the abolition of unanimity in the Council, the extension of co- decision to all policy areas, and the possibility for the Parliament to overcome a blockage in the Council with a super-majority (2/3 of the MEPs in favour).

These reforms will enhance the role of the Parliament, and if the citizens perceive that it is truly powerful *vis-à-vis* national governments, they may be more likely to vote in European elections (now mostly considered a side-show, since the popular perception is that the real power lies in the European Council, if not in Merkel herself). Once again, if unanimity prevents such an outcome when reforming the Lisbon Treaty, separate agreements may be needed for the Eurozone.

Finally, the Roman strategy is key. The European Union, or at least the Eurozone, needs to deliver financial stability, jobs, and higher incomes. The European integration project will retain the support of the popular classes only if it delivers in terms of economic growth and social welfare.

The 1983 European Council's Declaration of Stuttgart⁵ already stated that concrete and tangible benefits must be given to the people. Of course, since then, the freedom of movement has become a fundamental asset (even though the now defunct UK agreement ran counter to it).

More, indeed, must and can be done. For starters, we need a truly European recovery program, a *New Deal 4 Europe*⁶, endowed with fresh money. On March 15th, 2016, a citizen's petition on the matter was launched in the European Parliament. The Juncker Plan is not

good enough, since it is not linked to new own resources, such as the Financial Transaction Tax or the Carbon Tax.

By the way, this plan is more needed than ever in the face of the refugees flows (which should be turned into an opportunity) and it can be financed by the issuance of Union bonds (something that the Treaty does not explicitly forbid). It really does not make sense that, with the nominal interest rate at 0 per cent, the Union is not seizing the opportunity of issuing long-term bonds for the financing of investments and European public goods.

Second of all, the European economy is not only growing slowly with meagre job creation, it is also in a quasi-deflationary scenario. The European Central Bank has implemented a non-conventional policy based on the purchase of no less than 1.6 billion euros of public and private sector bonds. This probably has prevented falling into outright deflation, but inflation is still far from the medium-term objective of close but below 2 per cent per annum, and it will remain so in 2018 and 2019, according to the available estimates⁷.

But this policy has some drawbacks. It

may create financial bubbles and increases inequalities, since it raises the value of financial assets, which the majority of the population does not own. Also, it penalizes small savers. So, it is high time to launch a European-guaranteed savings account⁸, and a worker's or citizen's dividend financed by the European Central Bank (ECB).

This second idea has been called "Quantitative Easing for the People"⁹, so instead of giving more interest-free loans to banks, a 1,000 euros capital allocation would be given directly to each Eurozone citizen or resident.

This proposal in principle is consistent with the Treaties (the money is not given to the governments), it will help to raise consumption, and it will be politically very popular. So, it is good economics and good politics.

To sum up, there are at least four proposals that are consistent with the three common strategies contributing to an ever closer union: the introduction of European citizen's education, a reform of the Treaties in order to abolish unanimity requirements, a *New Deal 4 Europe*, and an ECB-financed worker's dividend.

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¹ This article is based on a speech delivered at the European Union Economic and Social Committee in Brussels, on Monday March 14th, 2016.

² See <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016XG0223%2801%29&from=EN>

³ See https://europa.eu/european-union/about-eu/symbols/europe-day/schuman-declaration_en

⁴ See *Le passage à L'Europe* (2012).

⁵ See https://www.cvce.eu/en/obj/solemn_declaration_on_european_union_stuttgart_19_june_1983-en-a2e74239-a12b-4efc-b4ce-cd3dee9cf71d.html

⁶ See <http://www.newdeal4europe.eu/en/>

⁷ See <http://ec.europa.eu/eurostat>

⁸ See Written Question to the European Commission E-000320-17: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+WQ+E-2017-000320+0+DOC+XML+V0//EN&language=en>

⁹ See <http://www.qe4people.eu/>