

Towards Federal Union

1 Europe is passing through a period of turbulence and uncertainty. The European Union itself is in
2 deep trouble. The long financial crisis, which has led to economic stagnation and political
3 fragmentation, has exposed not only the flaws in the design of the Economic and Monetary Union
4 and the weakness of EU institutions, but also a lack of commitment to European integration by EU
5 states. As a result, the European Union has lost the trust of many citizens.

6 If the European Union is to survive for years to come, it must pursue the paths of social peace,
7 prosperity and political unity through the business of democratic government. A federal Europe with
8 strong democratic institutions is the only way to meet this challenge. Europe will not be united if it is
9 not democratic. And it will not be democratic if it is not a federation.

10 The process of building a genuine European federal union can start today with the eurozone and
11 those states genuinely committed to joining the euro. It is the responsibility of our decision makers
12 to take all the necessary steps to solve the problems, put our affairs in order and rebuild confidence.

13 We therefore urge the political parties and candidates in the European Parliamentary elections of
14 2014 to make the accomplishment of a federal union a central theme of their campaign. An election
15 with a genuine European dimension will be attractive for citizens and lead to a higher turnout. We
16 therefore welcome the fact that the European political parties are to nominate candidates for the
17 Commission presidency and other posts.

18 And we urge the European Parliament to develop its proposals on the structure of federal union
19 alongside representatives of national parliaments in an inter-parliamentary Assizes.

Dealing with the crisis

21 Federalists believe that only deeper fiscal integration will lead Europe out of the crisis and fulfil
22 Europe's economic and democratic potential. This new polity has to be formed around the states
23 whose currency is or will soon be the euro.

24 In the first instance, the eurozone needs a real banking union, including a European resolution
25 mechanism and a federal deposit insurance scheme. Decisive action is still needed to disentangle
26 sovereign from banking debt. Regulation must be tough, clear and fair. At national level, fiscal
27 discipline must be accompanied by economic reforms. At both European and national levels a better
28 balance must be struck between fiscal consolidation and investment in growth and jobs: fiscal union
29 is not viable without social justice.

30 It has become clear that purely national recovery plans have been largely ineffective. Only by
31 creating the tools and resources for common European economic, industrial and energy policies can
32 we boost trade and competitiveness, stimulate research and education, build trans-European
33 networks and complete the single market in services.

34 UEF welcomes the legislation already in place which will ensure budgetary responsibility at the
35 national and European level. Now we urge the eurozone to make rapid progress to address the
36 burden of debt which is destroying opportunity for too many European citizens. We need adequate
37 forms of European taxation and new forms of European debt instruments for a proactive European
38 social and economic policy. We need to replace ad hoc policy conditionality with the European rule
39 of law combining solidarity and growth enhancing policies.

40 These steps require the transformation of the eurozone into a true political union. And those states
41 which have yet to join the euro, and are intent on doing so, must be connected as closely as possible
42 to this process of deeper integration.

43 ***Treaty change***

44 The Treaty of Lisbon is being stretched to breaking point under the pressure of crisis management.
45 Its revision is unavoidable if the Union is to escape from its present difficulties.

46 We therefore call for a constitutional Convention to begin as soon as possible after the May 2014
47 elections, and no later than spring 2015. The Convention will be composed of MEPs, national MPs,
48 the Commission and the state governments. But it must reach out to the media, political parties, civil
49 society and public opinion in direct and effective ways. Its mandate must include the task of
50 explaining and justifying the decisions it takes.

51 The agenda of the Convention must be broad, but shaped by a coherent political strategy based on
52 the re-foundation and renewal of the European Union around a federal vanguard. Its task will be to
53 draft a new fundamental law which provides a durable settlement of the system of governance of
54 the Union, along with a clearer sense of things to come.

55 The new treaty must further enhance the capacity of the Union to act at home and abroad. It must
56 be a strong constitutional framework in which its governors and law makers are empowered to make
57 coherent and efficient choices about the direction of policy. Member states must respect the values
58 and principles of their Union, and the EU needs to be alert when changes to national constitutions
59 depart from them.

60 A genuine common immigration and asylum policy is needed to make a reality of the EU area of
61 freedom, security and justice. Responsibilities for the control of the external frontiers of the Union
62 must be decently shared. Consular rights of EU citizenship should be strengthened. EU citizens living
63 in other EU states should be allowed to vote in all elections at their place of residence. The scope of
64 the European Citizens' Initiative should be widened and its bureaucratic nature reduced.

65 The European Union will not be the global actor it aspires to be unless its states makes a more
66 serious political commitment to developing common foreign, security and defence policies. At the
67 moment, Europe is failing to fulfil its potential to be a source of good in world affairs.

68 The treaty revision must not fail to adjust competences and increase the powers of the European
69 institutions where necessary in order to achieve these objectives.

70 ***Federal government***

71 The main new feature of the fundamental law will be the installation of a federal government, with a
72 powerful Treasury Secretary, for the fiscal and economic union. The eurozone must have its own

73 fiscal capacity, capable of contributing to macro-economic stabilisation. The EU budget should be
74 financed by genuinely autonomous own resources - such as taxes on carbon emissions or financial
75 transactions - which, by moving away from the current system of direct national contributions, will
76 allow the federal core to escape from the paralysis of *juste retour*.

77 The new treaty must permit the progressive mutualisation at least of a portion of sovereign debt
78 within the eurozone, subject to strict conditionality. It should lift the prohibition on deficit financing
79 while ensuring that the federal debt is subject to limits comparable to those imposed on the states.
80 In addition, the current unanimity rules for the decisions on own resources and the multi-annual
81 financial framework must be modified.

82 ***A better democracy***

83 We should transfer to the Commission most of the residual executive powers now held by the
84 Council, at least in the economic and fiscal field, turning the Commission into a recognisable and
85 accountable government. The size of the Commission should be reduced, with its members
86 nominated by the President-elect and elected by the European Parliament.

87 The two legislative chambers of the European Parliament and the Council should be put on an equal
88 footing. In order to build up real European political parties and to heighten the EU dimension of
89 politics, Parliament should elect a certain number of Members in a pan-European constituency,
90 drawn from transnational lists. Parliament must gain the right of consent to treaty changes and to
91 the accession of new states.

92 Restrictions on the scope of the jurisdiction of the Court of Justice should be lifted, and access to the
93 Court eased for individuals.

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95 ***A deeper legitimacy***

96 Flexible and democratic procedures are needed for future treaty amendments, which should enter
97 into force either once ratified by four fifths of the states or if carried in a pan-EU referendum. Such
98 changes will bring the EU into line with all other federal or international organisations.

99 EU states cannot be forced against their will to take the federal steps we here propose. At the same
100 time, such states cannot be allowed an open-ended possibility to pick and choose what they want
101 from the EU and discard the rest. Yet more *à la carte* opt-outs and derogations risk fracturing the
102 cohesion of the *acquis communautaire*. Free-riding means disintegration.

103 We therefore propose to create a new category of membership available to states which choose not
104 to join the federal union. Institutional participation would necessarily be limited. Continued
105 allegiance to the Union's values should be required, but political engagement in the Union's
106 objectives and policies would be reduced. This new form of associate membership would also be an
107 improvement on the present European Economic Area, and would be open to all other European
108 countries.

109 Should it prove impossible for all current member states to agree to revise the European Union along
110 these lines, we urge the creation of a constituent assembly, gathering members of the national
111 parliaments and the European Parliament to establish a constitution along these lines. Every
112 parliament would be invited to participate in a fresh start for Europe but the assembly should be able
113 to start its work even if not all have resolved to join such a project.

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115 To the achievement of these objectives, UEF welcomes a broad public debate on 'A Fundamental Law
116 of the European Union' as elaborated by the Spinelli Group of MEPs.

117 We commit ourselves to advancing the cause of European federal union in the interests of a more
118 peaceful and prosperous world.

119 The Union of European Federalists commends this manifesto to the political parties and candidates
120 campaigning for election to the European Parliament in May 2014.



Union of European Federalists
Union des Fédéralistes Européens
Union der Europäischen Föderalisten

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