

PROPOSAL FOR A RESOLUTION [1.2] OF THE UEF FEDERAL COMMITTEE ON THE CREATION OF A GENUINE EUROZONE BUDGET

Submitted by Giulia Rossolillo

- 1 The Federal Committee of the Union of European Federalists, gathering in Barcelona in April 27-
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- 4 A. recalling that the Euro is the common currency of the European Union and all Member
5 States agreed to introduce the Euro when they fulfil the Treaty conditions;
6 B. underlining that the creation of a genuine European fiscal sovereignty is necessary to
7 ensure the stability of the euro area as a whole and the survival of the single currency in
8 the long run;
9 C. reminding the importance that fiscal integration played in modern history in the
10 construction of federal states;
11 D. stressing that the Euro area is still exposed to major risks coming from both some lasting
12 macroeconomic imbalances in the member states, the incompleteness of the banking
13 union, as well as the lack of effective European mechanisms to foster convergence and
14 absorb economic shocks;
15 E. welcomes the decision of the Euro summit on the 14th of December 2018 to support the
16 Franco German proposal for the creation of a Eurozone budget and commit the Euro
17 group to develop a detailed project on the matter by June 2019;
18 F. highlights with concern that during the last meeting of March 2019, the Eurogroup has
19 agreed only on a minimal development of the project, in terms of size, mandate and
20 democratic accountability;
21 G. asks the governments of the euro area and the institutions of the EU to take into
22 consideration instead the following priorities for the finalisation of the Eurozone budget:
23 1. the new instrument should be in charge of fostering stability in the euro area,
24 ensuring convergence between national economies and exploit the full economic
25 potential of the currency union;
26 2. more precisely, the new budget should both foster economic convergence and
27 competitiveness through conditional grants and fulfil a stabilisation function in order
28 to absorb the economic shocks, which periodically affect the Member States;
29 3. for this reason, the budget should be sizeable enough to have macro-economic
30 effects (i.e. be multiples of the current European Union budget)
31 4. while the conferral of national contributions may be a solution for the rapid setup of
32 the budget, the latter should be entirely financed in the long run by genuine European
33 resources (i.e. Financial Transaction Tax; Digital Tax, Pollution Charge; common
34 corporate tax);
35 5. despite being consistent with the EU institutional framework and community acquis,
36 the new instrument should focus specifically on the euro area: accordingly, the
37 procedures regulating the new mechanism shall not demand the unanimity vote
38 within the European Council and Council of Ministers;
39 6. the European Parliament should be involved in the functioning of the new budgetary
40 instrument by voting on its annual adoption and defining its strategic priorities;
41 H. highlights that, in the event one or more Member States disagreed with the former
42 conditions for the finalisation of the Eurozone budget, the latter should be first
43 established through a temporary agreement between the governments willing to
44 participate and then incorporated in EU law in the framework of a wider reform of the
45 European Treaties;

46 consequently, regardless the implementation of the budgetary instrument either within or
 47 outside the EU Treaties, a European conference for the re-foundation of the European Union shall
 48 be called in due time in order to discuss the future institutional developments of the Eurozone
 49 governance and the creation of a genuine fiscal sovereignty.

AMENDMENTS TO PROPOSAL FOR A RESOLUTION 1.2

Amendment n.	1	<i>submitted by Sebastiano Putoto, JEF Europe</i>	
Line number(s):	After line 14		
	Original text	Amended text	
(new)		<i>D (bis). Aware that lower growth rates as anticipated by the recent Eurozone economic forecasts of the IMF might bring to the surface underlying systemic risks, such as the excessive amount of NPLs held by banks in certain Member States;</i>	
Explanatory statement (optional):	It is important to underline what the consequences of low growth can be for the whole Euro area.		

Amendment n.	2	<i>submitted by Sebastiano Putoto, JEF Europe</i>	
Line number(s):	After line 14		
	Original text	Amended text	
(new)		<i>D (ter). Aware that the exports-driven growth model of some Member States is unsustainable, particularly so in a global environment of rising international trade tensions, and can lead to generalised slowing growth through negative spillover effects;</i>	
Explanatory statement (optional):	It is important to underline what the consequences of low growth can be for the whole Euro area.		

Amendment n.	3	<i>submitted by Sebastiano Putoto, JEF Europe</i>	
Line number(s):	After line 14		
	Original text	Amended text	
(new)		<i>D (quater). Aware that lower growth rates are particularly dangerous in the context of a</i>	

	<i>sustained period of unconventional monetary policies and low inflation;</i>
Explanatory statement (optional):	It is important to underline the context in which low growth risks arise.

Amendment n.	4	<i>submitted by Sebastiano Putoto, JEF Europe</i>
Line number(s):	After line 14	
	Original text	Amended text
(new)		<i>D (quinquies). Noting that deep financial and economic crises, and the high social costs they result in, can create a climate of political and social unrest, leading to serious risks for democracy and the rule of law within the European Union;</i>
Explanatory statement (optional):	The negative consequences of financial and economic crises go beyond “mere” economic costs.	

Amendment n.	5	<i>submitted by Sebastiano Putoto, JEF Europe</i>
Line number(s):	Lines 15-20	
	Original text	Amended text
	<p>E. welcomes the decision of the Euro summit on the 14th of December 2018 to support the Franco German proposal for the creation of a Eurozone budget and commit the Euro group to develop a detailed project on the matter by June 2019;</p> <p>F. highlights with concern that during the last meeting of March 2019, the Eurogroup has agreed only on a minimal development of the project, in terms of size, mandate and democratic accountability;</p>	<p><i>The Union of European Federalists, therefore:</i></p> <p><i>1. welcomes the decision of the Euro summit on the 14th of December 2018 to support the Franco-German proposal for the creation of a Eurozone budget and commit the Euro group to develop a detailed project on the matter by June 2019, hence ending a political deadlock that has blocked all reforms for years;</i></p> <p><i>2. Deplores that, while it acknowledges politically the necessity of a budgetary capacity for the Eurozone, it restrictively focuses on competitiveness and convergence failing to fully recognise that macroeconomic stabilisation is also a common concern for the Eurozone;</i></p> <p><i>3. highlights with concern that during the last meeting of March 2019, the Eurogroup has agreed only on a minimal development of the</i></p>

	project, in terms of size, mandate and democratic accountability;
Explanatory statement (optional):	These are operational clauses, rather than recitals. Furthermore, it's important to maintain a political focus on the need for a macroeconomic stabilisation function for the Euro area.

Amendment n.	6	<i>submitted by Sebastiano Putoto, JEF Europe</i>
Line number(s):	After line 20	
	Original text	Amended text
(new)		4. Urges, furthermore, the Eurogroup to pick up political negotiations on the establishment of the third pillar of the Banking Union, a European Deposit Insurance Scheme, in order to ensure trust in the Banking Union and, in general, the EMU architecture; 5. Welcomes the establishment of the fiscal backstop for the Single Resolution Fund, embedded within the European Stabilisation Mechanism, as a necessary first step; considers, nonetheless, that for the fiscal backstop to be credible it should not be limited in size and should rely on the capacity of the ESM to borrow on the markets;
Explanatory statement (optional):	There is a Banking Union dimension to the Eurozone budget, which is also important to recall, in line with previous positions of the federalist movement. A functioning Banking Union is essential for a resilient Eurozone.	

Amendment n.	7	<i>submitted by Sebastiano Putoto, JEF Europe</i>
Line number(s):	Lines 21-22	
	Original text	Amended text
	G. asks the governments of the euro area and the institutions of the EU to take into consideration instead the following priorities for the finalisation of the Eurozone budget:	6. Calls on the governments of the euro area and the institutions of the EU to take into consideration the following priorities for the finalisation of the Eurozone budget:
Explanatory statement (optional):	Operational clause; more urgency is needed.	

Amendment n.	8	<i>submitted by Sebastiano Putoto, JEF Europe</i>
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Line number(s):	Lines 23-25	
	Original text	Amended text
	1. the new instrument should be in charge of fostering stability in the euro area, ensuring convergence between national economies and exploit the full economic potential of the currency union;	<i>i.</i> the new instrument should be tasked with fostering stability in the euro area, by ensuring convergence of economic cycles between national economies, for example through the introduction of a European Unemployment Reinsurance Scheme , and exploit the full economic potential of the currency union;
Explanatory statement (optional):	Sub-paragraph of an operational clause; mention of EURS in line with adopted UEF resolutions.	

Amendment n.	9	<i>submitted by Sebastiano Putoto, JEF Europe</i>
Line number(s):	Lines 26-30	
	Original text	Amended text
	2. more precisely, the new budget should both foster economic convergence and competitiveness through conditional grants and fulfil a stabilisation function in order to absorb the economic shocks, which periodically affect the Member States; 3. for this reason, the budget should be sizeable enough to have macro-economic effects (i.e. be multiples of the current European Union budget)	<i>ii.</i> more precisely, the new budget should both foster convergence of economic cycles and fulfil a stabilisation function in order to absorb the economic shocks, which periodically affect the Member States; <i>iii.</i> the budget should be sizeable enough to have macro-economic effects (i.e. be multiples of the current European Union budget)
Explanatory statement (optional):	Re-numbering; conditional grants defeat the purpose of the instrument.	

Amendment n.	10	<i>submitted by Sebastiano Putoto, JEF Europe</i>
Line number(s):	Lines 31-34	
	Original text	Amended text
	4. while the conferral of national contributions may be a solution for the rapid setup of the budget, the latter should be entirely financed in the long run by genuine European resources (i.e. Financial Transaction Tax; Digital Tax, Pollution Charge; common corporate tax);	<i>iv.</i> while the conferral of national contributions may be a solution for the rapid setup of the budget, in the long run it should be entirely financed by genuine European resources (i.e. Financial Transaction Tax; Digital Tax; Pollution Charge; EU Corporate Income Tax);

Explanatory statement (optional):	Language washing.
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Amendment n.	11	<i>submitted by UEF France</i>
Line number(s):	Line 32	
	Original text	Amended text
	while the conferral of national contributions may be a solution for the rapid setup of the budget, the latter should be entirely financed in the long run by genuine European resources (i.e. Financial Transaction Tax; Digital Tax, Pollution Charge; common corporate tax);	while the conferral of national contributions may be a solution for the rapid setup of the budget, the latter should be entirely financed as soon as possible by genuine European resources (i.e. Financial Transaction Tax; Digital Tax, Pollution Charge; common corporate tax);
Explanatory statement (optional):	We should not wait “the long run” to have European resources. Let’s be ambitious and in coherence with our previous resolutions and call for European resources as soon as possible.	

Amendment n.	12	<i>submitted by Sebastiano Putoto, JEF Europe</i>
Line number(s):	Lines 35-40	
	Original text	Amended text
	5. despite being consistent with the EU institutional framework and community acquis, the new instrument should focus specifically on the euro area: accordingly, the procedures regulating the new mechanism shall not demand the unanimity vote within the European Council and Council of Ministers; 6. the European Parliament should be involved in the functioning of the new budgetary instrument by voting on its annual adoption and defining its strategic priorities	v. despite being consistent with the EU institutional framework and community acquis, the new instrument should focus specifically on the euro area: accordingly, the procedures regulating the new mechanism shall not demand the unanimity vote within the European Council and Council of Ministers; vi. the Members of the European Parliament elected in Member States which have adopted the single currency should be fully involved in the functioning of the new budgetary instrument by voting on its annual adoption and defining its strategic priorities
Explanatory statement (optional):	Re-numbering; no representation without taxation.	

Amendment n.	14	<i>submitted by Sebastiano Putoto, JEF Europe</i>	
Line number(s):	Lines 41-45		
Original text		Amended text	
H. highlights that, in the event one or more Member States disagreeing with the former conditions for the finalisation of the Eurozone budget, the latter should be first established through a temporary agreement between the governments willing to participate and then incorporated in EU law in the framework of a wider reform of the European Treaties;		7. highlights that, in the event one or more Member States <i>disagreeing</i> with the conditions for finalisation of the Eurozone budget, the latter should be first established through a temporary agreement between the governments willing to participate and then incorporated in EU law in the framework of a wider reform of the European Treaties;	
Explanatory statement (optional):	Language washing; re-numbering; allowing for a temporary inter-governmental agreement.		

Amendment n.	15	<i>submitted by Sebastiano Putoto, JEF Europe</i>	
Line number(s):	Lines 46-49		
Original text		Amended text	
consequently, regardless the implementation of the budgetary instrument either within or outside the EU Treaties, a European conference for the re-foundation of the European Union shall be called in due time in order to discuss the future institutional developments of the Eurozone governance and the creation of a genuine fiscal sovereignty.		<i>delete</i>	
Explanatory statement (optional):	We should avoid duplicating existing methods: either Treaty change through a European Convention; or drafting a European Constitution in a Constituent Assembly.		