

THESEUS Conference

A VISION FOR POST-CRISIS EUROPE: TOWARDS WHAT KIND OF POLITICAL UNION

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Background Paper

A Political Union: clear concept or constructive ambiguity?

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Abstract

The topic of political Union has remained a fundamental question since the early debates on the European Political Community in 1950s and the Fouchet Plan in 1960s. Nowadays while coping with the crisis, the need to set-up a political Union has become a priority. A post-crisis Europe 'era' and a political Union are closely interlinked. Yet the visions of head of states and governments differ largely on the degree of sovereignty they agree to give up and thus to transfer to the EU level.

Although vague, the concept as such is not new but its meaning has evolved over time. Before the crisis in the 1990s, the concept of political Union encompassed a set of various policies. The crisis and post-crisis period urged EU leaders and head of state of governments to complete an Economic and Monetary Union. The concept of political Union has thus shifted to focus on the coordination of economic policies, although not only.

The crisis has shown the limits of the Lisbon Treaty to provide an adequate coordinated economic response. In order to enhance further integration, although the Treaty offers some possible developments to establish a political Union, discussions on a new Convention to install a federal economic government for a fiscal union and a new Treaty have already started and will be further debated at the occasion of the next European elections.

This paper will discuss to what extent a political Union represents a clear concept or a constructive ambiguity, from its origins to what kind and how to enhance its achievement.

[...] This Treaty marks a new stage in the process of creating an ever closer union among the peoples of Europe, in which decisions are taken as openly as possible and as closely as possible to the citizen [...].

Art. 1 TEU

Why this background paper?

President of the European Commission Barroso reiterated during his State of the Union Address last 11th September¹ that *a political union needs to be our political horizon*. The debate about political Union has been revived while the crisis has affected the European Union. Nowadays it appears clearly that a post-crisis Europe 'era' and a political Union are closely interlinked. The transfer of additional competences from the national to the EU level stands as a real instrument not only to rescue the euro zone but also to achieve a 'finalité politique' on the way out of the crisis.

This background paper is the follow-up of the previous paper written in the context of the THESEUS Conference last December 2012 on '*Which Future for the EU: Political Union, Directoire or Differentiated Integration*'. While the 2012 paper focused on the impulse given by the Franco-German couple towards deeper integration, this paper gets back to the origins and gather insights for a definition of a political Union, the elements that it could include and the institutional consequences for the European Union. It will serve as basis for the discussions on the perceptions and expectations of the different member states.

Origins of the political Union: imprecise definition and multi-interpretation expression

The idea of political Union was already present in the 1950s when Altiero Spinelli² and Jean Monnet acknowledged that building a European federation will require an overarching political organisation. The project to elaborate a political Union was then further lively debated among the member states in the 1960s at the occasion of the proposal of the Fouchet Plan³.

The concept of political Union was later included as priority in the Conclusions of the European Council meetings in Rome in 1990 and in Luxembourg in 1991⁴ to contribute to further shaping the internal functioning of the Community. Jacques Delors in 1994 further defined Europe as a 'federation of Nation States'⁵. Later on 12th of May 2000, Joschka Fischer when he was Vice-Chancellor and Federal Minister of Foreign Affairs in Germany under Gerhard Schröder, delivered a speech supporting the European 'federation' while highlighting the difficulties to overcome within this process⁶. Then it was not used anymore until 2012, when Chancellor Angela Merkel and President Barroso made use of it⁷.

The visions of head of states and governments differ largely on the degree of sovereignty they agree to give up and thus to transfer to the EU level⁸. The diversity of member states composing the EU - smaller versus bigger, older versus newer, debtors versus contributors, supporting versus suffering from austerity measures and their differentiation in the participation of common policies - makes the discourses about a political Union even more diverging.

On one hand smaller member states are afraid that deeper integration would be drawn following the models given by a group of bigger member states with the leadership of Germany. Southern

¹ *State of the Union address*, 11 September 2013, http://europa.eu/rapid/press-release_SPEECH-13-684_en.htm

² Young European Federalists, <http://www.jef-europe.net/index.php?id=1624>

³ *Le plan Fouchet*, Catherine Schmitter, http://fdv.univ-lyon3.fr/mini_site/cee/dico/f/fouchet.htm

⁴ *European Council Conclusions*, Rome, 14 and 15 December 1990, http://www.european-council.europa.eu/media/848784/1990_december_-_rome_eng_part_i.pdf and Luxembourg, 28 and 29 June 1991 http://www.european-council.europa.eu/media/848602/1991_june_-_luxembourg_eng.pdf

⁵ Retrieved in the President of the European Commission speech on the state of the Union, 12 September 2012

⁶ '*Only if European integration takes the nation-states along with it into such a Federation, only if their institutions are not devalued or even made to disappear, will such a project be workable despite all the huge difficulties*'.

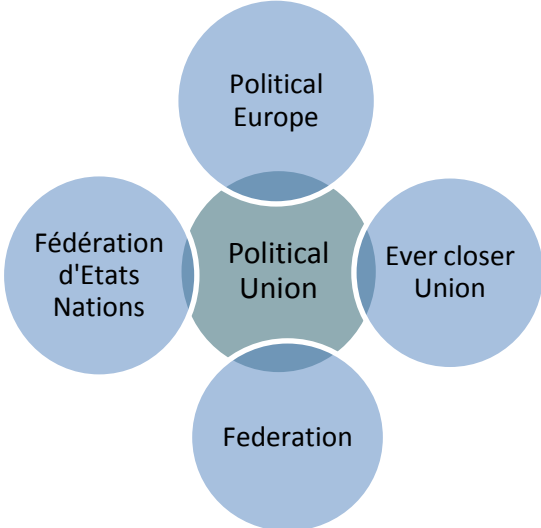
⁷ *On Political Union in Europe: The changing landscape of decision-making and political accountability*, CEPS, P. de Schoutheete and S. Micossi, 21 February 2013

⁸ *What is Political Union?* European Council on Foreign Relations

European member states remain reluctant to give implicit legitimacy to some bigger member states to make decisions, as it was the case for the measures taken on budget discipline and austerity. More generally the Visegrad four (V4) members are concerned that the sovereignty of the nation-state will then be downgraded in favour of Berlin and Brussels⁹; while the United Kingdom wishes to brake or suppress the term of 'ever closer Union'¹⁰ stated in the preamble of EU treaties since the founding 1957 Treaty of Rome.

On the other hand some others would like to step up with further integration and used the expression of Federation, Federation of Nation States, 'ever closer Union'; Political Europe to name a few. The President of the French Republic François Hollande now grants credit to the possibility of completing a political Union. He also agreed to step forward towards a 'European economic government' including a fiscal and a banking Union¹¹.

Yet, neither in Brussels nor in other European capitals there is thus a consensus on the meaning of the 'political Union'. The expression remains rather vague and even 'taboo' in some member states although political components have already been incorporated and agreed by member states like a common currency for the euro zone, one central bank and a directly elected Parliament¹². The agreement merely lies on the fact that this would inevitably imply more integration. Although imprecise, the concept of political Union appears not only as a necessary step but also as main component of different future European Union's political set-ups.



What kind of political Union: components to be included

Vision for a political Union: prior to the crisis (1990-1991)

The European Council in Rome in 1990 and in Luxembourg in 1991¹³ clearly stated the expression of political Union and defined the components to be included in order to transform the Community into a political Union which would enable Europe to stand as a stronger entity. In parallel to establishing a

⁹ *Are We There Yet? The Road to a Political Union Through the Eyes of the V4 Members*, David Král, V4 Revue, 24 January 2013
¹⁰ *UK's Cameron aims to erase EU goal of 'ever closer union'*, Euractiv, 05 August 2013
¹¹ *François Hollande calls for 'European political union' within two years*, The Independent, 16 May 2013
¹² C.f. footnote⁵
¹³ C.f. footnote²

political Union, the European Council Conclusions put forward the need to make progress on the Economic and Monetary Union.

The views on the political Union at the time encompassed different policy fields (see table below), among them democratic legitimacy was already included as a priority. This point was materialized by the need to strengthen the European Parliament's political, legislative and monitoring role. In that regard the principle of co-decision was listed as a main political achievement. The involvement of the European Parliament in the appointment of the Commission President as well as the role of national parliaments to play their full role was listed as well¹⁴.

Yet it is interesting to notice that the political Union and the Economic and Monetary Union were listed in parallel as two separated priorities.

Vision for a political Union: post-crisis

Although the expression of 'political Union' has been hardly used in official documents' for 20 years, it does not mean that the concept has not remained salient.

In comparison to the Council Conclusions of 1990 and 1991, the expression of political Union cannot be found in the December 2012 report on 'Towards a Genuine Economic and Monetary Union'¹⁵ or in the European Council Conclusions post-crisis. This can be justified because on the way out of the crisis, the completion of an Economic and Monetary Union implicitly encompasses the concept of political Union. The crisis has urged EU leaders to incorporate elements for 'more Europe' based on the coordination of economic policies under an overarching political framework. The December 2012 report therefore marked an important step to propose a federal political framework to the euro zone.

The conclusions of the European Council Summit on 27-28 June 2013¹⁶ confirmed that the Economic and Monetary Union should be completed. The aims of setting-up an economic, fiscal and banking Union in order to achieve economic integration have been reiterated during the State of the Union address last September 2013¹⁷. In the short-term, the priority remains the completion of the banking Union including a move towards the Single Supervisory Mechanism (SSM) to ensure the stability of the banking sector. The European Commission should propose a more effective framework for the coordination of economic policies, including macro-economic policies, during the autumn¹⁸.

The comparison of both periods shows that the crisis has shifted the priorities of the political Union from a various set of policies to a focus on the coordination of economic policy. In the post-crisis 'era' the political Union became an inherent concept of the achievement of the Economic and Monetary Union.

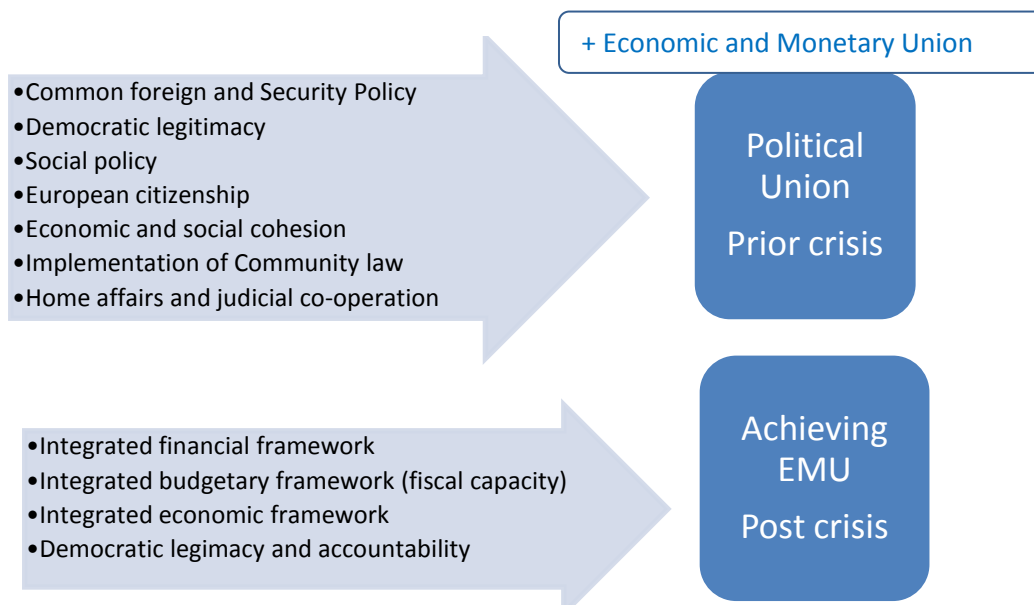
¹⁴ C.f. footnote²

¹⁵ *Towards a Genuine Economic and Monetary Union*, 5 December 2012, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/134069.pdf

¹⁶ *European Council Conclusions*, 27 and 28 June 2013, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/137634.pdf

¹⁷ *State of the Union address*, 11 September 2013, http://europa.eu/rapid/press-release_SPEECH-13-684_en.htm

¹⁸ The Commission will come with its communication on the social dimension of the economic and monetary union on the 2nd of October (State of the Union address)



How the political Union will be achieved: the institutional framework

The measures taken to solve the crisis have shown that the intergovernmental method was favoured to overcome the emergency. This has been exemplified by the increased role given to the European Council to coordinate the process of economic recovery and to establish euro zone rescue mechanisms such as the Treaty on Stability, Coordination and Governance (TSCG) and the European Stability Mechanism (ESM). The crisis also has increased the Commission's vertical powers, therefore the power of the 'Community method' where the Commission has extended its role as financial regulator¹⁹.

The priority of setting-up a solid political framework requires some institutional adaptations and the need for further evolution of the institutions starts emerging²⁰. In this context, the institutional nature of this political Union has to be further refined. It should determine whether it will be possible within the current institutional framework and intergovernmental agreements or whether changes in the Treaty will be needed. Yet the crisis has demonstrated that the Lisbon Treaty is reaching its limits to step forward with further integration. The next part of the paper will therefore present some innovations to progress towards a political Union, feasible in the current institutional framework or requiring further legal changes.

A political Union: innovations without changes in the Treaty

As demonstrated previously the concept of political Union is implicitly included to complete greater integration in financial, fiscal and economic policies within the euro zone and reiterate the importance of democratic legitimacy and accountability. The following developments are currently being discussed as possible novelties within the Treaty.

¹⁹ LISBOAN working group report on *Where is the Commission going after Lisbon? Political accountabilities and independent powers*, LISBOAN Final Conference, 6 and 7 June 2013

²⁰ *On Political Union in Europe: The changing landscape of decision-making and political accountability*, CEPS, P. de Schoutheete and S. Micossi, 21 February 2013

Presidency of the Union

The diverging visions on a political Union make its implementation difficult. It appears as a weakness since there is clearly a need for a leadership at European level to provide a strategic approach to achieve a political Union. In the current discourse it is suggested that this position could be led by the 'President of the Union'²¹; this person could take up the role of both the President of the Commission and the European Council. This innovation will be possible within the Treaty and would be a potential proposal to be discussed during the European elections 2014. A politicized figure could represent a concrete symbol addressing European citizens and restore democratic legitimacy and accountability. This role would notably be to better justify why the action of the EU as supranational body is deemed necessary to intervene in national debates.

Creation of European Minister of finance and economy

The creation of new bodies at the EU level especially the establishment of a European minister of finance and the economy at the European Commission in charge of economic affairs²² could stand as reliable body in charge of the economic coordination in the eye of the citizens. This role could participate to reduce the risks and prevent from an economic and financial crisis to occur in the future.

Enhance the role of national Parliaments

The European elections will represent a vital opportunity to include citizens within the European debate. The intergovernmental approach with economic decisions made during European Council meetings competent to manage crisis, notably on economic policy issues, has decreased the legitimacy of 'Brussels'. The decision-making at the level of national governments remains indirect since there is only a little say which is given to national parliaments. The debates should thus be further amplified within the bodies democratically elected. In this regard the interaction between the European Parliament and national parliaments should be further enhanced. Article 13 of the Stability TSCG would in principle lead to a stronger role and greater involvement of national parliaments in the decisions taken at European level in terms of budgetary control. Without being directly included in the European Council debates, the consultation of national parliaments by national governments would restore legitimacy and accountability (see also NPEC study²³).

A new institutional framework: bringing changes to the Treaty

It appears rather clearly that the President of the European Commission's²⁴ stance supports an economic federation including banking and fiscal Union and a closer coordination of national economic policies. This vision, also supported by the German Chancellor, intends to strengthen the role given to the EU institutions and imply a massive transfer of competences from the national level. The President of the Commission lately reiterated the need to progress towards a political Union and *deepen the community method and community approach in the longer term*²⁵. French President Hollande has lately started supporting the idea of bringing deeper harmonisation²⁶ thus Treaty changes as well.

²¹ C.f. footnote¹⁸

²² C.f. footnote¹¹

²³ Study on National Parliaments and *the European Council* led by TEPSA and Notre Europe commissioned by the European Parliament, 2012,

<http://www.europarl.europa.eu/committees/en/studiesdownload.html?languageDocument=EN&file=90910>

²⁴ *On Political Union in Europe: The changing landscape of decision-making and political accountability*, CEPS, P. de Schoutheete and S. Micossi, 21 February 2013

²⁵ *State of the Union address*, 11 September 2013, http://europa.eu/rapid/press-release_SPEECH-13-684_en.htm

²⁶ *Hollande: Treaty change 'necessary' to deepen eurozone*, retrieved Euractiv, 11 July 2013

The political framework that accompanied economic coordination as described in the report 'Towards a genuine Economic and Monetary Union' foresees greater integration within the euro zone. Although the political Union will be opened to 'non-euro zone' members, the process of further integration would lead to a 'multi-speed Europe' with a 'core' and a 'periphery'. The difficulty lies on the fact that the back-up from national leaders is deemed necessary to implement this framework in order to provide the following changes to the Treaty.

A budget for the euro zone

In the past the President of the French Republic was rather reluctant to the idea of Treaty changes and advised to exploit the room within the Lisbon Treaty. Yet the European Council summit last 27 and 28 June has confirmed that the German Chancellor and French President were now speaking with one voice supporting that the euro zone needed its own fund and budget in order to promote economic integration and "solidarity" among the 17 countries sharing the single currency²⁷.

A Chamber for the euro zone

The creation of a third chamber made of national parliaments for the euro zone could have a positive impact on the legitimacy. However this measure obviously does not receive the support from the European Parliament, which does not prefer to compete with this chamber²⁸. The euro zone having its own means to prevent the crisis might also create inconsistencies where MEPs from outside the euro zone could vote for legislation concerning euro zone countries and vice versa. However this vision enables a core group of member states to step forward with deeper integration more quickly.

Social Europe

The European Union suffers from a 'social deficit' which has been amplified as consequence of the euro and sovereign debt crisis. In the context of better coordinating economic policies, the social dimension of the EMU should be strengthened along the banking, fiscal and economic Union. The social dimension is deemed a priority for the French President François Hollande. According to him it consists of both as solidarity mechanism within the euro zone as well as tool for the realization of citizens' aspirations. In October EU leaders will make proposals to better monitor social and labour market conditions²⁹.

Conclusion

The concept of political Union remains vague without a clear 'finalité', but the discourse about the kind of political Union needed for the EU is constructive and should therefore continue. It remains difficult to figure out how far the political Union would be set up, rather intergovernmental or federalist, and to what extent 'non-euro zone' members would be participating. The post-crisis period has pushed to set-up a political Union based on the coordination of economic policies within the euro zone. In the future, the political Union shall also be complemented by additional policy fields, thus likely leading to an even more emphasized 'multi-speed Europe'.

It appears clearly that until Treaty changes have occurred there will be shared competences between national governments and EU institutions, getting probably closer to the concept of '*Fédération d'Etats Nations*'. However the President of the Commission was rather silent on this concept during this year's address, suggesting that the European Union was not given enough power to achieve the necessary concrete actions³⁰.

²⁷ C.f. footnote ²¹

²⁸ *Political Union: from slogan to reality*, T.Chopin, Fondation Robert Schuman, 28 May 2013

²⁹ C.f. footnote ²¹

³⁰ *MEPs unimpressed with Barroso's state of the union*, Euractiv, 12 September 2013

Although further integration could be achieved within the Treaty, the creation of a complete political Union will indeed imply necessary institutional adaptations. This is the main challenge to overcome in order to create a solid political framework, but how would this be received at national level?

The crisis made head of states and governments aware that individual actions were not sufficient to overcome the crisis and that economic coordination was needed in order prevent future crisis to occur again and enable the European Union to stand as a political actor. During the crisis Germany, via the European Councils, took up the role of one of the main actors in setting-up the agenda materialized by discipline and austerity measures imposed to some other European countries, especially in Southern Europe. Although the European Council will remain a main actor to make decisions on economic policies³¹, its action needs to be complemented by a more federal framework in order to get the citizens closely involved in European politics via the increased role of national parliaments.

Yet the next German government's aspirations and the European elections' outcomes will shed light on the political trend that the European project will follow and if it will call for a European Convention³² and a new Treaty in particular.

³¹ C.f. footnote²⁰

³² *Making the case for Associate Membership of the European Union*, A. Duff, 7 March 2013, Blogactiv.eu