

# THE EURO ZONE, CORE OF A POLITICAL UNION

Jacques Delors, António Vitorino and the participants of the European Steering Committee (ESC) on 24 November 2012 of *Notre Europe - Jacques Delors Institute*.

It is more important than ever to push the debate on “political union” forward that was given a fresh impulse by the crisis rocking the European countries, ahead of the European Council meeting scheduled for 13 and 14 December and above all of the European elections in 2014.

The multi-faceted crisis currently rocking the countries of Europe and the solutions devised by the European institutions has, ironically, given a fresh impulse to the debate on “political union”: this phrase is absent from the conclusions of the European Council meeting held in June 2012 but it occasionally presented as a goal to be achieved in the middle term. It is more important than ever to push this debate forward on the basis of several key ideas, ahead of the European Council meeting scheduled for 13 and 14 December and above all of the European elections in 2014,

## 1. Political union, a partial reality and an indispensable perspective

The debate raging over the projects for a “budgetary union”, an “economic union” and a “banking union” generates very high expectations the European Council of mid-December should not disappoint. It has the merit of reminding us that the common exercise of certain competences is the central issue which must underpin discussions on the “political union”, which must absolutely be put into perspective to ensure the setting up of a stable and thriving EMU.

To go further, we need to be clear about exactly what the expression “political union” covers, because it is understood in very different ways from one European country to the next, with the result that this profusion of different meanings has been fuelling a spate of sterile debates, as indeed it was the case with the expression “economic governance”. Thus it needs to be stressed that political union is already a European reality, incomplete and which needs to be deepened, as does the “*Federation of Nation States*”<sup>1</sup> which the EU is too.

This “European political union” is indeed based on three factors: the EU member states have decided to exercise certain responsibilities together, and to

this end they have set up common institutions, acting under the citizens’ supervision.

Such a political union faces a crucial deadline in June 2014, with elections that will not only be electing new MEPs for the European parliament but will also have to ensure that the President of the new Commission is designated in a more democratic manner. In this perspective, the political parties need to start identifying their candidates and preparing their European agendas and platforms ahead of these elections. It is by reference to such an event that all supporters of a more efficient and more legitimate European integration must be mobilised.

## 2. Combining efficiency and legitimacy through “differentiation”

The euro zone crisis has already fostered a certain amount of often belated (yet nonetheless welcome) progress of European integration on the basis of a joint strengthening of the solidarity and supervision exercised by the EU: the approval of the “European Stability Mechanism” and the adoption of the “Fiscal Compact” are the most notable instances of that progress at this stage. All EU countries do not take part to this progress but those willing to were able to be involved, without being hindered.

But above and beyond the present crisis, it is a matter of organising better our “unity in diversity” in order to allow the European people to respond together to a good many of the internal and external challenges they currently face.

In each instance, setting up mechanisms allowing for a sharing of the exercise of sovereignty that is at once both effective and legitimate, to the benefit of the EU’s member states and of its citizens should be the objective. An improvement in “functional federalism” already operating within the EU is the most reliable

way of achieving this (as opposed to the notion of a “federal leap”).

The drive to combine efficiency and legitimacy must also lead to move to “differentiation” within the EU, as in the past (for instance in connection with Schengen and with the euro) and as the recent crisis impels us. The EMU should then be implemented through the enhanced cooperation procedure, i.e. on the basis of the current treaties, so as to ensure effective dovetailing with the functioning of the EU27.

### 3. The euro zone, centre of gravity of European integration

The current crisis has clearly, and sometimes painfully, confirmed the economic, financial and political interdependence of euro zone member states and citizens, prompting them to act in order to safeguard and to strengthen it. It reminded us that belonging to the euro zone is based on specific rights and duties as far as discipline and solidarity are concerned. It also underlined the flaws due to the imbalance between monetary union and economic union, and it must now lead to firmly address the consequences and causes of such an imbalance.

This crisis made the euro zone appear like the natural core of an increased integration, which must be based on parallel continuing acts of solidarity and control: the creation of a European supervision of banks under the aegis of the ECB, and extension of the rescue funds to banks; a partial mutualisation of the issue of the euro zone member countries’ debt (via “Eurobills” or “Eurobonds”) and a further strengthening of the Commission’s powers of control and sanction; an improvement of European coordination of economic and social policies in order to curb the excesses and abuses that threaten the proper functioning of the monetary union, through financial incentives offered

to member states within a contractual framework; the creation of a “cyclical adjustment fund”<sup>1</sup> playing the role of an insurance policy among the members countries...

On the institutional level, “euro zone summits” are already held to adopt the broad guidelines for the euro zone to follow and to reach decisions in times of crisis. The Commission must play its role to the full in defining these broad guidelines and in exercising all of the powers conferred on it by the treaties. The European Parliament must remain a crucial player in the adoption of the European legislative and budgetary decisions. In the spirit of article 13 of the “Fiscal Compact”, cooperation between national parliamentarians from euro zone countries and European parliamentarians must at last ensure a more open political dialogue and reinforce democratic oversight for the euro zone executive entities. National parliaments must be assigned a more important role in the main budgetary decisions of the euro zone when such decisions have an impact on national budgets or when they concern a new budget for the zone.

A further integration of the euro zone, open to all European willing countries, must naturally go hand in hand with the launching of initiatives involving all EU countries. For example, within the single market, necessary efforts for a further social and fiscal harmonisation are required; it is within the EU27 that we must set in the project of a “European energy community”<sup>2</sup> that we promote; or that we must encourage common actions related to foreign and security policies, on the basis of the proposals of the “Westerwelle report”.

It is by combining this double perspective - euro zone and EU - that EU countries will best be able to better deepen their action in all fields of common interest and so deepen the “European political union”.

1. “For a European Federation of Nation States: Jacques Delors’ vision revisited” (book by Gaëtane Ricard-Nihoul), Yves Bertoncini, *Synthesis, Notre Europe*, April 2012.  
 2. “Completing the Euro: A road map towards fiscal union in Europe”, Tommaso Padoa-Schioppa Group, *Study and Report Nr. 92, Notre Europe - Jacques Delors Institute*, September 2012.  
 3. “Towards a European Energy Community: A Policy Proposal”, Sami Andoura, Leigh Hancher and Marc Van der Woude, on a proposal by Jacques Delors, *Study Nr. 76 Notre Europe*, March 2010.

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