

**KEYNOTE SPEECH BY ANDREW DUFF M.E.P TO XXIV CONGRESS OF UNION OF EUROPEAN
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Five years ago you had the temerity to elect me, at our Congress in Paris, as your President. What a five years this has been. It has been, first and foremost, the five years of the Great Crash, in which our banking system almost collapsed, our standard of living declined, and any complacency we may have had about the rise of Europe in the world stakes was dispelled. It has been five years of asymmetric shock which has tested to destruction the EMU settlement of the Treaty of Maastricht. It has been five years of hectic crisis management by the leaders and institutions of the European Union - making some mistakes, learning by doing (often too little, too late).

After the first great crash in 1929, Europe fell apart and went back to the battlefield and descended into the worst depravities ever known to man. This time it has indeed been different. European unity has survived intact - not covered in glory, not making great strides to the federal constitutional settlement which we at UEF want to see, not without social hardship, particularly among the young, not without losing out in international affairs - but nevertheless the semblance of unity and the basic structure of the European Union has survived.

I promised when I accepted the post of UEF President in 2008 to try to keep the federal option on the agenda. That has not always been easy. The European Parliament in which I serve has not been at its most progressive or coherent. The rise of nationalist forces, and so-called 'eurosceptics' who march to the beat of the nationalist drum, has continued. The leadership of the mainly 'pro-European' groups has sometimes seemed intimidated by the hard pounding of the crisis. That is why we have created the Spinelli intergroup of federalist MEPs. The nascent European political parties, on whom so much rests, have remained fairly weak. Parliament has not accepted the bolder proposals to reform the EU (such as the election in a pan-European constituency of a certain number of MEPs from transnational lists). The negotiations on the new MFF, lasting for an age until 2021, have been depressingly familiar to all those who remember Mrs Thatcher. National governments simply transpose their own templates for fiscal tightening, even rigid austerity, on to the EU without stopping to consider for one moment the real added value and cost efficiencies which could be gained by a genuine transfer of some public spending from the national to the European budget and treasury.

In foreign policy, quite frankly, far too little has been achieved. There has been progress in some parts of the Western Balkans (notably Kosovo and Serbia) but other countries (Bosnia, Macedonia) are going backwards. Cyprus remains a large, sad frozen conflict where, scandalously, the *acquis communautaire* does not apply. Turkey is as far off as ever from finding a durable and intelligent relationship with the EU. President Putin has not learned to respect the new norms which the EU has tried spasmodically to inject into East-West relations. Terrorism continues to stalk us at home and frustrate us abroad. NATO departs its long and costly Afghan campaign in a fairly sorry state and with little accomplished. The Middle East continues to boil, especially in Syria, while the European response to the Arab revolutions has lacked strategic confidence and direction. And we have found no answer to the problem of immigration, legal or illegal.

It is all too tempting to cast around to lay blame. Many, of course, blame what they simply understand as 'Brussels' - a culture of blame which those of us who are 'Bruxellois' are not, frankly, very good at combatting. Some love to blame the Treaty of Lisbon, that new settlement which crept into life late (and bound with reservations, qualifications and derogations) only on 1 December 2009. From our point of view, Lisbon was a large step forward in the governance of the EU, and the UEF was right to campaign for its successful ratification.

The implementation of the new treaty, however, has not been smooth. The financial crisis and economic recession have provided the worst possible circumstances in which to try out the new institutional system. The rule book has not always been respected. The heads of state and government, in particular, have arrogated powers to the European Council in response to the crisis, a process which has stretched the Lisbon treaty close to breaking point. The role of the Commission, once the motor of integration, has been diminished. National parliaments have adopted a more truculent mood. Constitutional courts, including the European Court of Justice in Luxembourg and the Bundesverfassungsgericht in Karlsruhe, are increasingly raising their judicial eyebrows at some of the goings-on.

Undeniably, the time has come to consider again a general revision of the EU treaties in order to restore full democratic legitimacy to the project of building a united Europe. There has been much talk for many years of democratic deficit, not least among federalists, but not really enough talk about the deficit of government. We, who know better, must adhere equally to the governmental legacy of Jean Monnet and Robert Schuman as well as to the parliamentary legacy of Altiero Spinelli. In my view, there is nothing inherently undemocratic about any of the institutions of the

European Union and nothing particularly malevolent about those who run them. The greater problem is the absence of government - by which I mean an efficacious executive authority with the capacity to act across the wide range of topics which today's challenges throw up, and an executive authority possessing an armoury of instruments sufficient to deal with the complex challenge of integration. This is not the usual discourse of the bland, centrist 'pro-European'. Federalists are radicals, but we must not fall into the trap of being simplistic. As H.L. Mencken said: *'There is always an easy solution to every human problem - neat, plausible, and wrong'*.

Federalists are criticised - sometimes with justification - for being too convoluted. It is not easy to correct such a deficiency of European government, and surely not quickly. It takes time and persuasion to convince those who hold the reins of national power to realise their relative impotence. It is not straightforward to reform the opaque and diffuse exercise of executive authority at EU level - strung out between European Council, European Commission, Ecofin, Eurogroup, European Central Bank, European Stability Mechanism, the EU regulatory authorities of the financial sector, and the troika including the IMF - of the democratic need to centralise power in people who can be sacked when they get it wrong. Government is a pretty thankless task at the best of times, and it would be naive for those of us who wish to strengthen the firepower of the EU to expect to be loved for what we do and say. But there is a strong story to be told about how political disorganisation and institutional weakness contributes to sub-optimal economic performance, the poor delivery of public goods and democratic failure.

Unfortunately, the crisis has had the effect of accentuating some of the worst aspects of EU governance: the tight coordination of national economic policies is very technocratic and not liable to parliamentary accountability at either EU or national level. Where national governments, as in Greece, are forced by the EU to devalue internally at a time of deflation there is certain to be social hardship and fierce political protest. And the resolution of the banking crisis has only just started. Imagine the political reaction when 'Brussels' starts to punish share-holders and depositors by closing down banks not just in Cyprus but also here in Germany. Is the EU robust enough to take the tough decisions which are long promised but still outstanding to separate sovereign from private debt? Does everyone realise the magnitude of the transfer of national sovereignty implicit in European banking union? Are we ready politically to make the case for the progressive mutualisation of sovereign debt across the internal borders of the Union? Is the fact that fiscal union must be run by a federal government generally recognised?

I ask these questions not to doubt that, as ECB board member Jörg Asmussen says, '*federal institutions can prevent local crises from becoming systemic*', or to question the federalist logic of the actions of Mario Draghi. But the federalist argument has to be won not just in academic and official circles, and with the markets, but also democratically, even on the streets.

Next year, in the European Parliamentary elections, we have a chance to campaign for the federal Europe which we espouse. Such campaigning will never happen at national level: see how the recent election campaign for the Bundestag was about everything other than Europe, which is seen as too complex, too distant and too problematic. See how national leaders, if left to their own devices, prefer to dissemble about the scale and scope and pace of European integration: if the EU has done nothing else well, it excels at procrastination - in that over-used but nevertheless rather good metaphor at 'kicking the can down the road'.

Next year, however, is crunch time. Banking union now is critical if the euro is to be salvaged. If the euro does not survive and prosper, the European Union itself will fall apart, and fall apart quite quickly. Already the temptation to disintegrate, to dismantle what has been achieved over the last decades, risks overwhelming the United Kingdom. Let us never underestimate how quickly '*destiny henceforward shared*' can turn into '*sauve qui peut*'.

The UEF has a proud history of refining federalist thought in Europe. We do it well. We are a rich intellectual family with strong historical ties. Yet we must now speak more boldly outside the family circle. The *Fundamental Law* drafted by our colleagues in the Spinelli Group and published by the Bertelsmann Stiftung is a good start because it shows what a federal union would really be like, as well as how it can be done.

David Cameron may be able to peddle his defeatist prospectus of a weaker, looser confederation of nation states; but we now have our optimistic prospectus of a strong, democratic federal union of states and citizens. The UEF manifesto which we will vote on tomorrow is the next big step: once passed it will be promoted to all the European political parties, including their champions, the *Spitzenkandidaten*, whom they will elect to lead their electoral campaigns into the May fight and beyond. I can think of nobody more suited to take the federalist case to our opponents than Elmar Brok, who is our candidate to be elected today to succeed me as President.