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want from the EU and discard the rest. Yet more *à la carte* opt-outs and derogations risk fracturing the cohesion of the *acquis communautaire*. Free-riding means disintegration.

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

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

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

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

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



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## Union of European Federalists

# Towards Federal Union

## Manifesto for the 2014 European Elections

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

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

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

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

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

### Dealing with the crisis

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

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

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

UEF welcomes the legislation already in place which will ensure budgetary responsibility at the national and European level. Now we urge the eurozone to make rapid progress to address the burden of debt which is destroying opportunity for too many European citizens. We need adequate forms of European taxation and new forms of European debt instruments for a proactive European social and economic policy. We need to replace ad hoc policy conditionality with democratically legitimated policies and measures, including automatic stabilisers, which enhance solidarity and growth for a European social market economy if the conditions and rules of fiscal stability and structural changes are met.

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

### Treaty change

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

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

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

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

A genuine common immigration and asylum policy is needed to make a reality of the EU area of freedom, security and justice. Responsibilities for the control of the external frontiers of the Union must be decently shared, and the human rights of migrants fully respected. Consular rights of EU citizenship should be strengthened, and EU consular posts promoted. EU citizens living in other EU states should be allowed to vote in all elections at their place of residence. The scope of the European Citizens' Initiative should be widened and its application made more accessible.

The European Union will not be the global actor it aspires to be unless its states makes a more serious political commitment to developing common foreign, security and defence policies. At the moment, Europe is not only failing to defend its own values and interests but also to fulfil its potential

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to be a source of good in world affairs. EU citizens have a strong commitment for peace.

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

### Federal government

The main new feature of the fundamental law will be the installation of a federal government, with a powerful Treasury Secretary, for the fiscal and economic union. The eurozone must have its own fiscal capacity, capable of contributing to macro-economic stabilisation. The EU budget should be financed by genuinely autonomous own resources - such as taxes on carbon emissions or financial transactions - which, by moving away from the current system of direct national contributions, will allow the federal core to escape from the paralysis of *juste retour*.

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

### A better democracy

UEF believes that the EU will only survive and prosper by enhancing European democracy: we act to strengthen the European public space, with citizens fully engaged at every stage of the constitutional process.

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

The two legislative chambers of the European Parliament and the Council should be put on an equal footing. The composition of the Parliament should be determined by logical, transparent and understandable rules on the basis of the population of the states, respecting the principle of degressive proportionality. In order to build up real European political parties and to heighten the EU dimension of politics, a certain number of MEPs should be elected in a pan-European constituency from transnational lists. Parliament must gain the right of consent to treaty changes and to the accession of new states.

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

### A deeper legitimacy

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

EU states cannot be forced against their will to take the federal steps we here propose. At the same time, such states cannot be allowed an open-ended possibility to pick and choose what they