

POINTS FOR A PROGRESSIVE EUROPEAN AGENDA

This document tries to offer a contribution to the elaboration of a **new vision of Europe's future**, in a moment of profound crisis, **shared by the progressive "think tanks" of several countries**.

It is upon a **balance between competition and solidarity** that should be built a society of cohesion and comprehensiveness, capable to renew in the 21st century the dream of peace, that originated the visionary invention of the founding fathers of the European Union.

That said, **this crisis could transform itself in an extraordinary opportunity for Europe**, just because its wideness and depth unequivocally reveal how inadequate our national answers can be.

So from the crisis could come out a **stronger Europe**, just because **sustained by a broader people's consensus**. Provided that also the **progressive political forces**, such as Socialists, Democrats, Liberals and Environmentalists, might be able to **renew themselves**, and surmount the traditional borders of the twentieth century's policies and ideologies in order to share a common project and face the challenges of the globalization. The document indicates some **topics that should be the key-points of a common agenda for the next European Legislation**.

1. A SINGLE EUROPEAN POINT OF VIEW AND A SINGLE VOICE OF EUROZONE IN THE WORLD

Under many respects **Europe is a great global economic actor**. But it is also a **"fragmented power"**, since its institutions and States members don't always agree on how to exploit and/or to protect at an international level such economic strength.

Whereas it is obvious that if Europe were able to speak with a **single voice**, would have a **sufficient critical mass** not only to define common standards but also to transform them, when shared with the U.S.A. in global standards.

From the institutional point of view, it is very clear, that **Europe** (or the Euro zone)

should have **one common representative within all the international organisations.**

Furthermore it must be said that if the EU wants to improve its influence on the international scene, it will be fundamental to speak with one and only voice, but that shall be done with an **efficient end decisive strategy** towards the new multi-polar context.

Europe shall proceed united in the negotiations, at least in those of a greater strategic importance, in order to avoid that its partners might be able to exploit, as it has often happened in the past, the internal divisions within the EU to their advantage.

2. EUROPEAN REGULATION AND CENTRALISED EUROPEAN FINANCIAL AUTHORITY

The financial crisis that is devastating financial markets has highlighted the **fragmentation and inadequacy of the present system of oversight on cross-border financial institutions.**

This wholly unsatisfactory situation must be corrected **by three decisions:**

- i. the **supervision of large financial institutions** with systemic cross-border relevance must be transferred **to European institutions;**
- ii. the **ECB** must be given **full powers of oversight of the systemic implications** of the operations of these large cross-border banks;
- iii. the **Ecofin Council should empower European Commission to manage solvency crises** of large cross-border banks with systemic significance and **the European Investment Bank to issue Union bonds** to provide the required resources for rescuing large cross-border European banks.

3. THE PILLARS FOR A NEW EUROPEAN GROWTH

a. CLIMATE POLICY FROM THE EUROPEAN PERSPECTIVE

The **cause of the climate is risking to be forgotten amid more pressing emergencies** caused by the financial and economic crisis. The temptation is to put off the solution of the problem, as its consequences are perceived to be less dramatic in the very short term. This is more likely to be the case if the **fight to climate change is mostly perceived as a cost, whereas its potential benefits tend to be obscured in the debate.**

It is important **not to let this happen** and it is a crucial goal for progressives across Europe to contrast this possibility.

Providing incentives to this areas of the economy is a strategy that is in principle able to provide **double dividends**: a more **friendly climate**, a more **secure energy supply**, but also an **incentive to get out of the economic recession by sustaining incomes and jobs**.

However, because the damages and the required efforts are unevenly distributed across world regions and time, **countries will have different incentives to voluntarily enter an international environmental agreement**.

Indeed, **coordinated action is needed to enhance the effectiveness of the collective action** and to minimize the risk of carbon leakage.

The results of the EU climate package **serves the important purpose of strongly conditioning the discretion of other countries with respect to a potential climate deal**. The EU is also the precursor of important experiments in mitigation policies on a global scale, this **important externality** produced by the EU policy **should be compensated with a leading role in the negotiation process**.

Finally, a necessary condition to make the climate change mitigation policies sustainable in the long term is **a vigorous innovation process**, able to drastically reduce the cost of low carbon technologies. Today the **cost differential between conventional electricity generation from fossil fuels and from renewable sources is still very high**.

b. SCIENTIFIC RESEARCH IN THE EUROPEAN UNION

Scientific research plays a pivotal role in the future of the EU. Nevertheless, both in terms of funds available and of implemented practices, the EU institutions, specifically the EU Commission, has **still a long way to go to ensure widespread scientific excellence**, as well as effective transfer to the real economy and to full advantage of the EU citizens.

We strongly believe that EU scientific research funding must be boosted and managed so to ensure each country's spending to rapidly achieve the Lisbon Agenda goals. **The general EU budget must be thoroughly reviewed so to ensure such objective**.

At the same time, we also believe that the **current practices in managing research funds must be deeply reviewed**, focusing on the achievement of clearly measurable results and effectiveness of output (both in scientific and business terms).

We support the current trend in creating centres of excellence in the EU. Meanwhile additional funding must be put on **incentivizing mobility of professionals**

and talent so to facilitate the formation of centres of excellence.

Finally, we strongly believe that a sound framework of scientific production must rely on a **network of centres of excellence, irrespective of geographical distribution**, but it is also important to **support each member state in its capability of nurturing and developing talent at the early stage**. Therefore funding should also be directed at ensuring **high standards of scientific education at all levels**, from primary school to college.

4. THE REFORM OF THE EUROPEAN BUDGET

Given the new scenario, generated by the crisis, Europe needs a **new macroeconomic policy and new instruments**.

Therefore a **courageous new review of the budget**, seems to be unavoidable.

The Community budget is a real political tool: putting into effect for the different common policies, by appropriating its available resources, **Europe substantially asserts its own priorities**. Therefore it is indispensable to reform the present European financing system, both for what concerns the available resources as well as the use of such resources.

The clause for the **2009 budget's review** is an **historical opportunity that we can not miss**, to dictate the future priorities and endow therefore the Union with the necessary resources, to perform in compliance with such political priorities.

In order to reform the Community budget, two fundamental principles must be fulfilled: the **Proportionality**, that is to say to finance with the Community budget only the expenses that are indispensable, and the **Subsidiarity**, namely to outline at which level (European, National, Local) the Financial interventions are more useful.

From the point of view of an augmentation of the resources we would like that through a joint effort of the States Member **the amount of the 1,3% of the GNP could be reached**.

On the other hand the total amount of the resources should also be revised **moving funds from obsolete issues** (such as CAP) **to necessary new issues** for the European growth, in particular the so called Lisbon Process.

In our opinion **a great importance should also be given to the Research and Development (R&D) and to the Environment** (strictly related to one another).

An issue to be thoughtfully investigated, should regard how **to find new resources** to increase the available funds.

A possible solution would be to **issue European bonds** (Eurobonds).

Furthermore instead of the VAT, that affects indifferently all revenues and taxpayers, **an European tax on the Pan-European firms and multinational companies** could be introduced without increasing the overall taxation pressure,. Hypothetically, it could also be introduced a sort of “**green tax**”, a tax on the defilement that should be paid by each State Member, accordingly to the amounts of carbon-dioxide produced, and such proceeds could be used **to finance the chapter of Research, Development and Environment**.

5. EUROPEAN STRATEGIES TO TACKLE THE SOCIAL IMPACT OF ECONOMIC CRISIS

The responses to the present crisis will not be sufficient if they remain confined to the economics; the crisis is deeply rooted in the characters of both the social and economic model.

The lack of initiative and the scarce cohesion of the Union on these ground have contributed to **reduce the trust of European citizens in the 'common house'** and to motivate the negative reactions to the reform of European institutions, including to the approval of a common constitution which was conceived as the most solemn institutionalization of the European social model.

These brief remarks support the firm belief that **the pace of social Europe must be accelerated not through 'a single channel'** but by improving and better finalizing **all the instruments available** to the Union's institutions and to the various social and political actors.

All the instruments which have been adopted so far **may be useful for this strategy**: from the traditional hard law to the various forms of soft law(guidelines, benchmarking, OMC), from the practice of social dialogue to the different types of transnational and European collective agreements, from the use of the European Funds to the ECJ jurisprudence.

One must evaluate also the **role played by social rights** in the making of European labour law and industrial relations.

The major **obstacle** of fundamental social rights is of political origin, because it derives from the **impasse in the ratification of the Constitutional Treaty**.

A redress of this situation may come from the **recognition of a constitutional legal status to fundamental social rights**, including collective rights, because such a recognition would favour a **more balanced approach by the ECJ when deciding**

their impact on market freedoms. More than ever the economic and social policies should be combined and reinforce each other.

The need of public intervention which is now advocated throughout the world even by the extreme supporters of the free market, **cannot be limited to supporting the financial system.**

Common measures are require in order to face the emergency situations which are multiplying in the **European labour markets.** An important instrument in this respect is the **European Globalization Adjustment Fund**, a good example of an integrated social and economic approach to crisis situations. The **European Social Fund** is another instrument which should be strengthened and better finalised to support the critical conditions of employment.

The new economic and competitive conditions might suggest a **rethinking of European policies** in an area where the existing initiatives have been particularly weak, namely the promotion of **basic labour standards.** The promotion of some basic standards of this kind might be a **first step towards a common welfare** in other areas of acute personal and collective needs.

6. EUROPE RESPONSES TO THE CHALLENGES COMING FROM THE NEW AMERICAN MULTILATERALIST APPROACH

The past quarter of a century, or the time of a generation, has consisted mainly of a phase of economic expansion, a trend towards a reduction of international conflicts, a geo-strategic withdrawal of the West from the world, now particularly the one of the United States, a state of chronic weakness of the multilateral system.

The **short term context** presents several features of which only two major ones are considered here for the sake of brevity: the **global financial and economic crisis**, the **change of the US government**

It is with that in mind that now the possible **consequences on the relationships between the American and European progressive political forces** are been considered.

Furthermore **Europe represents, on a regional scale, a scheme of non-hegemonic system of exchanges, competitiveness and rules**, which has the potential of acting as **a model at the global scale**, while ways out of the current dramatic crisis are being searched.

The Europeans are under the effect of three different types of pressure coming from the East, all of which must be taken into account while confronting the issue of common security, either *soft* or *hard*: the **challenges of a multipolar world**, coming from Asia, particularly **China and India**; the **proximity with Russia**, a partner in trade, finance and energy supply; the no less **near “arch of crises”**, more or less corresponding to the so-called Wider Middle East.

Under the effect of these “pressures” from the East, Europe can’t leave out of consideration some diversities in the geo-politic and economic interests, as regards to the American ones. They have been always there. But **the perception of the common interests and of the space for coherent and synergic (or at least not cacophonous) transatlantic action are more evident today**. In order to explore more deeply the common interests and exploit the space of a joint action, the European progressive forces should, to start with, elaborate amongst themselves some guiding-criteria to evaluate specific issues within the abundant lot just described and then derive from that policy lines to be adopted.

7. STRONGER AND MORE CREDIBLE INSTITUTIONS TO PURSUE THE STRATEGIC AGENDA FOR GROWTH AND COMPETITIVENESS.

After the rejection of the Treaty serious problems rose, concerning the rules of the decisional process, the future legs of this journey and the suitable model of the Union itself.

The constitutional Treaty has been so far the result of a **compromise between the supporters of two different visions** of the European integration: **the inter-governmental vision** (that claims the autonomy of National States), and **the federalist vision** (that asserts the centrality of the Parliament and the Committee).

The **nationalist “Soul”** has, as a matter of fact, **largely prevailed**.

As **supporters of the second theory** we are persuaded that the European populations have a **clear interest to develop the today’s over national organism into a true Federal-Union**, but that this target can be only gradually achieved, beginning with the **abolition of the unanimous vote** for the principal political decisions, and with the **transfer to an over national level of the Foreign and Defence policies**.

This institutional order, should contain the structures that compose a Federal State, which is to say, beside the Supreme European Court of Justice, a **Bicameral Parliament with one Chamber elected by all citizens of the Union**, and a **second**

Chamber composed by Representatives indicated by the States members, and a Government elected by the Parliament and responsible vis-à-vis it, and provided of a democratic legitimating and of real decisional capacity as well.

Nevertheless, from the American Federalism and other forms of Federalism, the Indian for example, can be drawn other important lessons as well, but **the European Union must follow its own way.**

The model of the European Union must therefore be specific and new, both institutionally and culturally.

The **rejection of the Constitutional Treaty** has revealed the profound divergences concerning its institutional architecture and its Political strategy, to begin with the reform of the European Social Model and its Foreign and Security policies.

In order to escape from that dead end, it should have been formulated a new Treaty, that could have been revised and drastically simplified, a constitutional Treaty, containing a declaration on the mission of the European Union, more adequate to the XXI Century. A Treaty that could determined new rules, apt to improve the decisional process and solve the **two key-questions**: 1) **the extension of a vote by majority**, 2) **the surmounting of an Authority's dualism, by creating an Unitarian leadership** and defining precise stages of the construction process of the Political Union, such new proposal of a constitutional Treaty should have been courageously subjected to a simultaneous referendum that would have involved all the Union's citizens.

Therefore, **the Union goes on towards an uncertain future.** But to contrast this negative perception of a: "slow advancement, almost still" **there is the efficacy of the Union's policy on the matter of protection of competitiveness and free trade** (demonstrated by the successful verdicts concerning multinational companies such as Microsoft and General Electric), there is the **reality of the launch of the Euro** as a sole currency with all the federalist implications and there are the **various forms of collaboration** like the Anglo-Franco-German common Defence policy.

Nevertheless **these developments risk remaining isolated, unless they go together with a process of political construction.**

Furthermore **the European Union shall be a multicultural entity with a body of shared values** (democratic institutions, fundamental human rights, civil responsibilities, pacific coexistence with all the peoples of the earth and free competition) that should be the foundations of the common institutions, together with the respect towards all the diverse cultures, languages and traditions. According to this model, the **unity must be**

reached through the diversity.

The struggle for Unity implies **the redefinition, and not the abolition of different identities.**

In such a situation, what could pave the way towards a better integration, remains a **“reinforced co-operation” amongst the Countries that share the same view, that has already helped to create the Monetary Union.**

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