

## A NEW SINGLE EUROPEAN ACT AT THE HEART OF EUROPEAN REVIVAL

### *Why do we need a new proposal?*

① We voted yes to the Constitution project in 2005, and we hope that any new text will retain the main thrust of its substance. The German presidency is presenting a roadmap in June 2007, which will be followed by negotiations and ratification procedures in 2008. Something is missing from this scenario however. Citizens have expressed the need for a project able to respond to the major challenges facing the EU. The economic union's weakness is evident to all, and the EU social model is a major concern in the face of globalization. At the same time, cooperation between member states and Union's capacity to drive forward change are clearly lacking.

The majority of EU revival projects are of an exclusively institutional nature. While there are numerous suggestions and deeply held values, many of the projects are based on the federalist culture: Andrew Duff's constitutional plan B (towards an indepth negotiation); Gerard Onesta's A+ plan (to keep the whole substance of the current text, separating it into two parts – Constitution and Treaty – with innovative and responsible forms of ratification); or Guy Verhofstadt's proposal to create an EU core giving body to a political Europe with an inner circle of voluntary member states. We are not stating a case for simplified realism over the virtues of ambition, but we believe that no Constitution can compensate for lack of cooperation or replace jointly drawn up policies aiming to bring people together around a common goal.

② We would also like to take up the challenge of putting forward a French proposal. After rejecting the draft constitutional treaty and instigating the crisis, France failed to examine its own conscience, and its political leaders have still not stated their position. While some evoke a Europe of projects, others propose an institutional mini-Treaty. We need to combine and develop projects and institutional reforms. But what would be the guiding principle? When our leaders adopt protectionist stances and target the Central European Bank, they fuel distorted ideas and isolate us from other Europeans. The potential of the single market and the single currency to employment and growth in France is considerable. But France is in trouble with its problems of competitiveness and State inefficiency, while external scapegoats are continually sought. We need to clear up a general misunderstanding. The EU is not there to protect our tired old state and social system, but can help make it more effective and fairer. It is not there to protect us from globalization, but to help us confront it. And in order to achieve these objectives, the Union must be stronger. Competition is not enough to drive it; we also need industrial policies, public interest networks, and human capacity. The urgent need for internal reforms must go hand in hand with a humble but ambitious contribution towards consolidating the EU.

③ Far from complicating the current crisis, an agenda dealing both on institutions and policies would better lead to effective solutions being found.

Indeed, the EU crisis is not due simply to the rejection of the Constitution but also to the failure of the Lisbon Strategy, in spite of the efforts of the Commission and the EP. This strategy is well founded but is held back by two main difficulties. On the one hand, the desire

to be more competitive is not followed up by sufficient Community commitment to allow for the renewal of the European social model and on the other, member states are divided and fail to cooperate either with each other or with the Union as a whole, whose ability to federate is far too weak. Furthermore, the Council has voted to review the Lisbon programme and discuss reforms to the Budget in 2008. There is no time to lose. Jacques Delors has called for a Coordination Pact of national economic policies. We believe that more needs to be done if we are to succeed, i.e. a Community Act committing civil societies and the different member states to share some of the key functions essential to development within Europe.

On the English side, Anthony Giddens has suggested drawing up "a new mission statement" that would integrate institutional measures. However, he combines this interesting idea with a categorical rejection of the very idea of the Constitution itself, even though this would form a framework for a Union policy.

Improving the running of institutions within a wider Europe, consolidating the economic and social Union, and maintaining the constitutional perspective all call for a collective effort of democratic participation and the definition of a coherent political agenda.

### *A three-stage plan*

#### **① An institutional reform Treaty**

The German presidency has made this a priority. If we give it up now, the consequences of any further delay may be serious. In 2008, under Slovenian or French presidency, member states must agree on a text on Institutions.

Is it possible to save the constitutional Treaty? If it is, we will sign it on the spot. But the risk of excessive ambition in the short term is that we will save nothing at all. France, the Netherlands, the United Kingdom and others will not ratify the project, even accompanied by a protocol. And even Mr. Juncker expressed his reservations with regard to the word 'Constitution'. On the other hand, we must try to preserve the principles put forward: the presidency of the Council, the capacity for a common European foreign policy, democratization, double majority rule, and the generalization of qualified majority voting in the third section. A clear institutional mandate should be given at a short Intergovernmental Conference. We should not deliver Europe as a hostage to new national referendums that are certainly not models of democracy acting to build a Community. National parliaments would be responsible for ratification. Parallel to this intergovernmental conference, we suggest preparing a Single Act focused on strategic and urgently needed projects that prove that the Union is capable of a new momentum in its development.

#### **② A Single Act for co-operation and participation**

Citizens are not involved at all in the Lisbon Strategy, and the roles of the member States are very unequal. A stage of collective appropriation and effective achievements is needed. This paper puts forward three framework projects to build a society based on sustainable development, knowledge and renewed full employment.

For this, we need to clarify how responsibility can be shared. Competition is rife between the States, intergovernmental coordination methods are insufficient for creating synergy, and

there is no European budget to speak of. It is therefore crucial to consolidate European governance.

To make progress in these two areas – framework projects and effective governance – we suggest a revival of the Single Act method, a remarkable political innovation designed by Jacques Delors in 1986 to create the single market. A Single Act is a collective commitment to achieve precise objectives with a precise agenda, and with decisions made by qualified majority targeting key issues, in particular effective regulation and adequate funding. This mode of governance enables cooperation to be effective.

Preparation for this new Single Act would start in the second half of 2007. Launching a Convention is a method well adapted to constitutional work. However, as our proposition concerns development projects, we need a participative method bringing civil society into the picture to a far greater degree. The European Council meeting next June could give the Commission a precise mandate. It would have to create working groups devoted to framework projects and governance. These groups would include company managers, trade unionists, academics, local and parliamentary elected officials, and militant associations. The result would be discussed with representatives of the European and national Parliaments. An intergovernmental conference would meet in the second half of 2008, followed by ratification by the national Parliaments. The new Single Act would be put in practice between 2009 and 2014, corresponding to the term of the future E.P. This process would also enable future improvements to the framework of the Treaties to be better defined, in anticipation of stage ③.

### ③ A Constitution for Political Union

Member states have indicated that new "widening" to other countries will require a preliminary consolidation of the present Union. In any event, we believe that the integration of the Balkan countries is vital. The integration of Turkey implies a wider Europe of a very different nature, assuming the choice of a greater Europe. We believe that this is desirable for geopolitical, economic and cultural reasons. Stages ① and ② would provide an opportunity to better reflect on, elaborate, understand and test out the common aims and interests of the Union of 27 (+ other Balkan members). They will need to be backed up by an effort to mutual understanding with the future potential members, and by neighbourhood policies. A new type of Convention, much more open to society, will gather in 2014 to work on a Constitution that will be adopted by a European referendum.

### *Three framework projects*

We propose a New Single Act focusing on three key projects, which aim to truly incorporate three essential requirements: competitiveness and growth, cohesion and renewal of the social model, and respect for the environment. The sharing of collective choices is at least as important as competition, and this implies developing common policies.

#### ① *Sustainable development*

The European Union is a world leader in terms of the environment, and there is still much more to be done. This also contributes to resolving the social problem. Covering the cost of this policy, however, implies developing a stronger economic base.

*An energy policy* is currently being drawn up with three overriding aims: to secure supplies, control costs and energy efficiency, and reduce CO<sup>2</sup> emissions. We propose developing a better energy mix by integrating nuclear energy and clean coal (aiming to achieve 60% non-carbon energy by 2040, for example); developing pan European network connections, some of which will be made *public utilities* regulated by the EC and with public interest obligations; developing a united front with regard to foreign relations based on principles of reciprocity and cooperation.

*A clean transport policy* is already underway. However, in order to significantly reduce CO<sup>2</sup> emissions in all forms of transport, we need to develop European engineering tools and industrial and financial partnerships. Furthermore, we should not give up the objective of a significant reduction in road transport.

### ② *A knowledge and innovation society*

Europe can no longer live on its past glories. Its education systems are inequitable and inefficient, and its corporate culture and innovative capacity is facing stiff competition. We have to meet the challenge posed by the knowledge society.

*A higher education policy* must focus on two explicit areas: excellence, and the employment of skilled young people. The intergovernmental system does not work, and we need skills and Community resources to create a European higher education space based on a network of universities and a structure that squares Research, Universities and the Business World.

*A European education policy* must be drawn up for two reasons. Firstly, because developing 'excellence' in higher education implies a more open and more cultivated basis. Secondly, European awareness must be built up, starting with the very young. European interest projects should be defined for the study of languages, the links in our history, knowledge of the economy, and the promotion of culture. These would be based on organised student and teacher mobility from secondary school onwards, and by twinnings and interregional conventions, also supported with structural funds.

*Innovation* does not result automatically from research and education. An integrated approach is gradually being developed with Technological Platforms, the promotion of SMEs and regional structures (centres of competitiveness and excellence, clusters, etc.), but partnerships and resources need to be developed well beyond their present level.

### ③ *A new type of full employment based on the full use of human capital*

European fears regarding the question of employment have not gone away, and precariousness generates poverty, but "national preference for employment" policies and hostility to migration are illusory reactions that destroy solidarity. To resolve the problems concerning the level and the quality of employment, it is essential to mobilize intelligence and responsibility, and this requires mobility and an increase in cross-border exchanges. The costs pertaining to such a policy must be shared.

Many European countries have tried to reform their labour market, but without the support of European cooperation. EU recommendations are a step in the right direction, but there is a flagrant lack of institutions and common tools for co-development.

*A Community action plan for a reappraisal of work and workers* therefore needs to be set up. This would take into account human rights, the collective management of transition in working life to stimulate mobility while developing the safety net of training and employment, and training and the general development of lifelong learning qualifications.

*A framework for institutional and financial cooperation* must be created to promote collective bargaining, organise a participative management of economic restructurations, and increase interregional cooperation with a co-administration of structural funds. This would involve a major revival of the *economic and social dialogue*.

### ***Linking framework projects and the completion of the internal market***

Twenty years after the first Single Act, the single market is far from complete and economic integration has slowed down considerably. One basic reason, appearing very clearly in the debate on the Services directive, is the conflict that can arise between market regulations and the collective choices made by our societies, in particular the right to work and consumer protection, and general interest services. Coherence between regulations and choices is therefore vital, and must be central to the 'better regulation' aimed at by the Commission.

Framework projects will make a huge contribution to driving integration. But to take them through to completion, the Single Act needs to include two key elements in terms of regulations:

- Increased Community competencies in cross-border exchanges, with the creation of *European regulators in the fields of energy, transport, communication*. This is essential to develop mutually viable infrastructures, which should be true European 'public utilities'
- The targeted *harmonization of a pan European* corporate and income tax base. The first stage, put forward by Commissioner Kovacs, would establish a common base framework, although tax rates may vary from country to country

The Single Act would represent a step in the development of the internal market, and towards what we consider as *partnership capitalism*.

Among the main aims of the Lisbon Strategy are the promotion of entrepreneurship and improving the corporate environment. At the same time, we believe that a framework is needed to structure the responsibility and monitoring of business organisations so that the interests of the European productive system are better respected. Leading companies currently choose to reorganise and consolidate as global player, under the direct control of major financial investors, and/or seek member States intervention, often ineffectively, to defend or create national champions. This leads to problems both for European industry and for social and territorial cohesion. The issues of *control* should be developed within a European framework, and designed as a partnership. The policy of competition should take into account the quality of industrial projects and the need for cooperation and alliances in Europe.

Commissioner Verheugen recognises that "*a strong European industrial base has become a key issue*". The Commission analyses the competitiveness of 27 sectors, but studies remain little known and incomplete. New industrial policies, or rather 'InduServices', need to be developed, particularly in the fields of information, the environment, health and defence. Based on dialogue and partnerships with public and private stakeholders, they would involve

defining strategic objectives, industrial relations based on economic dialogue, and a well-structured financial space.

*Constructing the financial system and a European financial services industry* is a crucial element in boosting the economy, meeting the challenges of demography (retirement, change in life cycles) and sustainable development. To date, the EU has looked at the aims of the financial market from a purely technical angle, and significant projects have been undertaken. But a second action plan is needed and public opinion needs to be won over. An effective European financial system requires an integrated industry and infrastructures, a financial education accessible to all, the harmonisation of consumer protection, and the creation of European investment funds able to provide a stable shareholding for the development of firms.

All this should be part of the future legislative programmes of 2009-2014.

### ***Capacity for economic policy governance***

The 2014 deadline for the Single Act will correspond with the launch of a new multi-annual budgeting programme. *Ambitious Budget reforms* will be negotiated from 2008, based on the creation of specific European resources, necessary if the concept of ‘net contributions’ is to be abandoned, a significant rise in the level of the Budget, and a redefinition of expenditures. The three framework projects require a considerable increase in the role of the local authorities and in cross-border cooperation, and therefore a major increase in structural funds. At the same time, everyone agrees that the CAP reform is vital. We should not dismantle this common policy, which involves – whatever some may say – a strategic element, but it is possible to globally reduce aid and to remove it altogether in certain sectors. Farming needs to be far less polluting, but more debate is needed on the adequacy of the concept of ‘decoupling’ in terms of handouts and production in the EU and the WTO.

Concerning Europe’s *macroeconomic policy*, we need to move away from misleading targets. The Stability and Growth Pact is a healthy concept, but it must have a counterpart, in other words a dynamic budgetary policy at Community level.

The independence of the ECB should not be called into question. The problem is elsewhere: the ability of the Union to develop a long term perspective and an economic policy. It is a tremendous challenge, and one that can only be achieved through a democratic Community process. Improvements to the monetary policy require an external exchange policy as well as a new relationship between the ECB and financial markets.

*Governance of the Eurozone* poses a real problem but the proposed “economic government” of the Eurozone is not the answer. A ‘government’ without the support of integrated market places and players would be ineffective. And the non-Eurozone countries, especially those hoping to join, need an economic policy for the whole Union in line with the Eurozone. The Eurozone’s Ecofin Council should show its real commitment by defining – for the first time! – plans for “reinforced cooperations”, particularly in the areas of budget, taxation, and international action.

*Our priority is to reform the Commission.* Indeed, assuming the governance of Europe with a Commission made up in the manner of the Treaty of Nice appears increasingly ineffective. It should not be a clone of the Council of Ministers. The constitutional draft treaty resolves nothing as it stands, except on one key point, namely the creation of a Foreign Minister with a

dual role (intergovernmental and supranational). We have borrowed a strategic proposal from Jean-Louis Quermonne, in other words to extend this innovation to fields other than foreign policies and defence. Ministers with two roles (Commission, European Council) would be responsible for setting up the framework projects. This would be an experimentation included in the Single Act. It would allow for a more systematic reform of the Commission by the Convention that we suggest launching in 2014.

We also propose creating a *European Centre for EU prospects in terms of globalization*, bringing together economic and social players of the Commission. It would define the notion of an optimal European region in view of globalization, would initiate ongoing forecasting and diagnosis, and clarify the interests of the EU and the options to adopt for a coherent and effective mandate in terms of marketing policy and global monetary and financial governance.

\*\*\*\*\*

We might be criticized for the scale of the project proposed even though we left out elements in the areas of security, immigration, and, more generally, of foreign policy. However, it should be noted that all the issues mentioned above are on the daily Community work agenda or appear in debates concerning future prospects.

What we are proposing is **to oblige** member states and the EU to commit themselves to an **agenda** and to **cooperate**.

The very nature of a Single Act calls for the **extensive participation** of civil society and national Parliaments. It will enable radical concepts and negativity to be countered by calling on the ever-present spirit of cooperation in our societies.

Given these two reasons, our proposal simply involves bringing European democracy into play in the economic arena. It requires strengthening the means of consultation and creating new decentralized participation structures, which must have the resources to function in European networks.

We believe that this is particularly urgent, because changes are taking place far more rapidly than the Community is able to make decisions, and because euroscepticism is gaining ground. We had to register our proposal in a calendar overdetermined by the issue of the Constitution project. We strongly believe that it will enable us to break the deadlock because Europe needs to be driven by projects, otherwise there will be no Constitution.

Our proposal is flexible and open to discussion. Provided it retains its underlying spirit, it can be adjusted and altered through a range of alternatives. It will be central to the campaign Confrontations Europe intends to develop in its regional and European network, and in discussions with national and European institutions.