

EUROPEAN UNION, DEMOCRACY AND EURO

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Notre Europe - Jacques Delors Institute and the European Movement - France hosted the fourth debate in a cycle entitled “Right of inventory - Right to invent: 60 years of Europe, successes worth keeping - solutions yet to be invented” in Besançon on 25 March 2014, allowing the audience to address the following issue: “Democracy and the euro: challenges for the European Union”.

Catherine Trautmann, vice-president of European Movement - France and Member of the European Parliament, opened the debate with a reminder of the importance of meeting with citizens, providing the information they seek, and fighting abstention, particularly in light of the role played by the European Parliament together with other institutions in EU policy. Julien Carpentier, project manager for European Movement - France presented the “Right of inventory - Right to invent” cycle for which citizen debates are being held in the eight French European constituencies, addressing four major issues: democracy, employment, the euro and globalisation.

The dialogue, moderated by journalist and author, Gérard Ferrand, continued on the subject of democracy and the euro with the audience and the following guests, who were divided around two panels:

Fixing the euro in the crisis?

With the following speakers:

- Alain Malégarie, former Director General of the Euro Institute in Lyon
- Till Meyer, Honorary Consul of Germany in Dijon
- Catherine Trautmann, Member of the European Parliament

Shaping democracy for European citizens?

With the following speakers:

- Sandrine Belier, Member of the European Parliament
- Nathalie Griesbeck, Member of the European Parliament
- Philippe Nantermod, Member of the Grand Conseil Valaisan (Switzerland)

1. The euro: a euro area governance to solve the crisis?

Alain Malégarie offered a preliminary assessment: the euro came into circulation 14 years ago. Contrary to popular belief, it has performed perfectly in technical terms as a European currency which rapidly became an international one. The euro is one of the primary reserve currencies, particularly in developing countries such as China, Brazil and Indonesia. Similarly, 18 to 20% of commercial transactions are denominated in euro. Lastly, interest rates have never been lower. Catherine Trautmann added that the euro was created to provide monetary stability (and has solved successive currency crises) as well as a united and shared future. Till Meyer pointed out that giving up the Deutsche Mark - the symbol of post-war reconstruction in Germany - was a heavily symbolic gesture for Germans.



Of course, the euro creates other problems in terms of competitiveness and employment which need to be solved (Alain Malégarie); in return for the benefits, member states in the euro area can no longer devalue their currencies (Catherine Trautmann). The crisis stems not from the euro but what followed it (Alain Malégarie), and from its governance (Catherine Trautmann), combined with a financial market

crisis, added Quentin Dickinson. The economic – and social – component of European economic and monetary union has been neglected. A European foreign exchange policy is needed, or a mechanism capable of fundamentally and definitively resolving the crisis to prevent a repeat of what happened in Cyprus, where savers paid for bankrupt banks rather than the banks themselves (Catherine Trautmann). This requires a significant shared budget of at least 5% of member states' GDP – not the 1% applied today. A common taxation policy is also needed.

Joël, *Union populaire républicaine* (UPR), asked if member states' debts are linked to the euro and whether it isn't the banks which actually control the EU. Yannick, UPR, asked if it is possible to leave the euro.

Leaving the euro would be disastrous (Alain Malégarie). Firstly, euro-denominated debt would be abysmal because the national currency would be devalued immediately. Secondly, interest rates would rise when banks, markets and citizens lost confidence. The country concerned would be excluded from several markets because debt and weak growth in a country is not caused by the euro but by a lack of competitiveness. Incidentally, France's budget was unbalanced for the first time in 1974.

This also answered a question asked by Georges Schnel from the CFDT union in Franche-Comté, who asked how rumours about the euro could be quelled.

The euro has facilitated expansion of the single market. However, economic policy so far has emphasized cost competitiveness and has submitted goods as well as people to competition (Catherine Trautmann). Reform is needed in several areas, including fiscal and social harmonisation. The EU needs confidence and investment, particularly to improve employment for young people. On 25 May, citizens need to decide what kind of EU they want.



2. Democracy: what powers for the European Parliament?

Sandrine Bélier began by pointing out that one out of two French people don't know that the European Parliament is elected by direct universal suffrage¹. By all evidence, the road to full citizen participation is long. European democracy is a work in progress. Currently, the EU is a representative democracy with some tools of participative democracy. A citizen lobby can be activated by mobilising already available means: elections, canvassing, petitions – as there is a Petition Committee at the European Parliament – or the European Citizens' Initiative which allows citizens to develop laws. All these methods have already worked – for example with ACTA². However citizens are not well informed and do not understand the complex European system.

Karine, UPR, asked what control national leaders still have over French problems. Patrick Noblet, FNAUT – Franche-Comté³, asked by what process the railway package (to open up rail transport to competition) was approved. Eliane, UFC-Que Choisir – Franche-Comté, asked whether, given that EU countries can choose whether or not to apply European sales law, consumers' rights are being defended by Members of the European Parliament (MEPs).

Firstly, legislation is initiated by the European Commission, not the European Parliament, which is actually better placed to do so since its members are elected (Nathalie Griesbeck). When the Commission proposes a law, the Parliament is the first to examine it via the work of committees and rapporteurs – a main rapporteur and shadow rapporteurs from other political groups to ensure that all political groups can take part (Sandrine Bélier). The text is voted in committee and in plenary session. It is then submitted to the Council of the EU (composed of national ministers). A text may go back and forth several times, but the final vote always rests with the European Parliament. The Council of the EU has a right of veto which sometimes blocks progress (Nathalie Griesbeck). National leaders make things worse by taking certain decisions in Brussels and claiming the opposite back in their capitals, in schizophrenic fashion. Lastly, European legislation is applied by member states. Sometimes European law, such as the directive on the posting of workers, isn't applied properly, which results in abuse. Monitoring and sanctions are needed.

It is important to identify the role played by each institution and understand how they work, given that 80% of the legislation on the desks of national elected representatives comes from Brussels (Nathalie Griesbeck). This is limited to certain areas such as the economy or the environment; in some matters the EU does not intervene at all (e.g. defence, taxation, social and societal issues) (Sandrine Bélière).

Again, citizens need to use their power. Every vote by MEPs is noted, and debates are filmed. All this is accessible online. Talks are currently underway for the sales law, for example. Change comes through democracy and citizen intervention. The same applies to the non-transparent TAFTA talks⁴ underway, which worry Eric. MEPs can take action. The Greens, along with others, voted down the negotiating mandate in order to suspend talks when the NSA surveillance scandal broke. This also worked for the application of SWIFT⁵ (Sandrine Bélière).

The EU suffers from conflicting national interests and the lack of a European public arena. For this reason a greater role should be given to the local level, such as the Committee of the Regions, said Jacques, former vice-president of the Chamber of Regions of the Council of Europe⁶. Or a more federal model should be adopted.

3. Democracy: is Swiss democracy a model for the EU to follow?

The Swiss system is a model of federalism and participatory democracy in Europe. Philippe Nantermod explained that in Switzerland, democracy is based on several pillars. Firstly, it is a representative democracy which includes tools of direct democracy. Citizens are entitled to submit an approved law – or even the federal constitution – to a general

referendum (by collecting 50,000 signatures in the first case; 100,000 in the latter). Secondly, the federal system is comprised of 26 Swiss cantons, not four linguistic regions. The cantons are free to pass laws in the areas within their jurisdiction, such as law enforcement and education – areas in which the federal government cannot interfere. Matters handled by the latter include defence, currency, and social security.

Jean-Louis, European Movement – Franche-Comté, wondered whether Switzerland's referendum system worked well: it works for the country, respects the majority principle, but is not set in stone. Several votes can be held on the same subject despite refusals. This is not a gridlocked system, as the issue of joining the United Nations demonstrated.

Could the Swiss model work for the EU, and stimulate a federalist dynamic? Claude wondered the same thing: would it be possible to create cross-border regions, for example, with a subsidiary system composed of several, more clearly defined levels? Before adopting a more federalist approach, however, would EU countries hold a referendum? Emmanuel, UPR, asked.

The EU is not a federal system (Philippe Nantermod). The EU needs a system of its own which respects state bodies. Indeed, a more federalist approach requires taking citizens' opinions into account, for example by adopting treaties in the same way in all 28 member states. Voters have the ball in their court – especially in 2014. Thanks to the Treaty of Lisbon, citizens can vote on real programmes and European projects, and for European leaders who could potentially become the President of the Commission (Sandrine Bélière and Nathalie Griesbeck). It should be kept in mind, however, that the European Council is obliged to "consider" the results of a European election in



the appointment of the Commission President. Some MEPs, including Guy Verhofstadt and members of the Spinelli Group⁷ are pushing for a more federal EU to improve efficiency. The election of candidates who support this vision could create a seismic shift in the European Parliament, which could, on its own initiative, form a constituent assembly for example.

European integration must not become an end in itself; it is a democratic tool to serve a vision of

society which seeks a greater level of well-being (Philippe Nantermod).

We should not get caught up in theoretical debate. We need to respect the vote of citizens and carry their message (Catherine Trautmann and Nathalie Griesbeck). After all, “democracy is not about knowing who is right, but who decides” (Philippe Nantermod).

Photos and podcast of the debates are available on our website.

1. Eurobarometer, December 2013.
2. Anti-Counterfeiting Trade Agreement.
3. The Franche-Comté branch of a national federation of commuter interest groups.
4. Transatlantic Free Trade Area.
5. SWIFT is an agreement between the United States and European Union which grants the former access to European banking data, provided that certain conditions of personal privacy are met, in the aim of fighting terrorism.
6. The Council of Europe is not an EU institution. It has 47 member countries, including the 28 member states of the EU. Its main mission is to defend human rights across the European continent.
7. Spinelli group website.

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