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# Europe after the economic crisis: towards a Political Union

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First of all, I would like to thank Professor Siskova for having invited me to be here today. It is for me a great pleasure to take part in this Conference. And I have also a great pleasure to be in this town. Prague is for all the European citizens a symbol of freedom and democracy. During many decades you fought hard to restore peace and democracy in your land.

The economic and financial crisis that the European Union is still now facing is, as it has correctly come to be understood, the most serious crisis in the history of European integration. The Member States and the European citizens have seen the entire Monetary Union at risk of collapse, they have reached the conclusion that Economic Union is far from being achieved and that Political Union is still a distant dream. Given this situation, the first reaction of the Union and the member States should be one of humility in recognizing that, despite all the progress that European integration has made over these sixty years, there is still a lot to do to satisfy the wishes of the Founding Fathers of the integration, and of all of us, in order to have a united Europe which is shaped around the values that have always been part of the civilizational heritage of the European Union and which are today set out in the Treaties, specially in the article 2<sup>nd</sup> of the Treaty of the European Union. We must, therefore, change our behavior.

Europe needs to awaken quickly from this crisis. The crisis has exposed the vulnerabilities within many States but it has also revealed Europe's inadequacy, bashfulness and, sometimes, lack of accuracy in adopting appropriate measures to come out of this crisis. It has been shown that the Union was not ready to share a common currency, although, in all truthfulness, it must be said that the crisis is not only a crisis of the euro but also, and perhaps even more

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so, an internal crisis of the States which has repercussions in the euro zone. And it has been shown that, in the face of such a deep crisis, Europe is not capable of acting in a concerted manner. Economic and monetary integration is not compatible with intergovernmental economic and fiscal policies or with unilateral attitudes of certain Member States as to how to come out of the crisis. When they agreed to be bound by the European Budgetary Treaty, the States committed themselves to putting their public finances in order and achieving a balanced budget, which requires greater supervisory powers of the Commission and the European Central Bank. For their part, the European institutions, before reforming themselves, need to help the States to make the necessary reforms within them, above all in their economic and financial sectors. As was decided in the European Council of October 2012 and later developed in the “speech of the 4 Presidents” (van Rompuy, Barroso, Juncker and Draghi), there is an urgent need to conclude the Union’s integrated financial network, by delivering and finishing the Banking union, the Single Supervisory Mechanism and the Single Resolution Mechanism. But we cannot forget that democratic legitimacy and accountability are essential to a genuine Economic and Monetary Union. In order to create that integrated financial network it is essential to advance with political integration, it is necessary to deepen the Political Union. There is an urgent need for a strong political commitment from the institutions of the Union, from the Member States and from the economic and social partners towards deepening the Political Union. It has been proven that without more Political Union, the European Union, including Economic and Monetary Union, is at risk of regressing.

Yet, contrary to what is sometimes thought, the deepening of Political Union should not begin by giving greater power to the institutions and by strengthening their supranational power. Before this, we need to create a new political environment within the Union. That political environment is based on the following requirements. First requirement, realism: all of us need to be realistic in recognizing that Economic Union and Political Integration are a long way beyond Monetary Union and that if they do not advance, Monetary Union is at risk of definitive failure. In order for the current economic and financial crisis to be definitively eradicated and for it to cease endangering the European social model, as it is currently endangering it, it is urgent that we advance in the Economic Union and progress in the Political Union. Second requirement, confidence: all of us must be firmly determined to quickly solve the current crisis in order to quickly restore confidence to the economic and social operators and to the citizens in general. In order to achieve this climate of renewed confidence there needs to be a broad consensus among the European institutions, the political powers and the economic and social partners. Confidence

is the key for the economy and for the entire policy of growth that the Union has to undertake to beat the crisis. Without confidence there is no investment, and without investment there is no growth. And, above all, without investment in education, in research, in innovation and in new jobs. Third requirement, equality of the States: the Union must respect the principle of equality of the States. All of the States involved in this European project are important and all of them are equally important; there are no States in the Union that are more important than others. This is how Article 4(2) of the Treaty of the European Union should be read, after Lisbon. Fourth requirement, solidarity: it should be remembered that European integration began in the 1950s as a project of solidarity and that solidarity between the States is the keyword for the European construction, all the more so when it has become a vast, heterogeneous Union of 28 States. This crisis has demonstrated that solidarity and interdependence among the States and the European peoples is more necessary than ever. No State, however big it might be, can spare that solidarity. It would be a serious setback for the Union if we now returned to intergovernmental methods and formulas to solve disputes and disagreements among the Member States. Only if we act together within the Union will we be able to save our social model, ensure security and stability in Europe, defend democracy and the Rule of Law, protect our interests in the international community and help our companies to compete at the global level. And fifth requirement, fundamental rights: the Union may not waste the set of fundamental rights which are the Community's best symbol of the values for which it has evolved, especially with the Lisbon Treaty and the Charter of Fundamental Rights. The assertion of European Integration as a political and cultural project is an advantage which distinguishes our project from all other similar projects on the political world stage. When we, rightly, say that the European project is, first and foremost, a political and cultural project, and not merely a trade project, we mean that, for the Union, at the heart of the Economy is the Human Being and not the markets or rating agencies, especially when we know that the markets and the rating agencies often act without rules and according to the law of the jungle. In its current state of integration, the European project cannot only be regarded as merely a trade project. We have to return to Churchill's formula, which I will remind you of: we unite people, not states. Therefore, requiring States, in order to solve the crisis, to adopt austerity measures which disproportionately harm basic social rights and, namely, which ignore the minimum ethics of survival for the Human Being, is an attack on the values which underpin the Union and, specifically, breaks with the European social model. The values which underpin the Union, and which are now set out in Article 2 of the Treaty of the European Union, are non-negotiable. The crisis cannot be overcome simply

with austerity; it will be overcome with sustained growth. In other words, we need growth with social welfare, with social cohesion and with the creation of new jobs, above all for the younger generation.

Only after this political environment has been created should we move towards reforming the institutions, in order to strengthen the community method in the deepening of political integration and to construct a federal vision for Europe. With regard to the reform of the institutions, there is an urgent need to consolidate the supervisory powers of the Commission and of the European Central Bank in such a way that budgetary discipline is unreservedly guaranteed at State level. The European Budget Treaty must be complied with, but this will only happen if there is an assurance of heavy budget discipline by the States. But, here also it will be necessary to act with respect for social welfare.

Dear Colleagues, the Union must begin a profound debate on these issues, and quickly. This is the right time for reflecting and debating on the future of the Union from the perspective that I have just proposed to you. Unfortunately the election for the European Parliament was a good opportunity to debate it but it was missed. But we must insist on this debate. We have to show in that debate that we are all in solidarity with the project for the growth and deepening of the Union in order to be able to overcome this difficult challenge with which the European continent is confronted in this advanced stage of globalization. It would be very grave if nationalistic and populist talk on integration were to eclipse the assertion of the need to strengthen our project of solidarity and progress for all European citizens, both the most privileged and the most disadvantaged. It would be very grave if that debate did not give us reasons to overcome the Euro-skepticism which is growing at an alarming rate in Europe. It would be very grave if we lost out in that debate to those who will argue for a return to the isolationistic and nationalistic formulas that Europe knew in the past, with such disastrous consequences. It would be very grave if we give up in the way to build a strong and solid Europe of citizens. We have to explain to public opinion that of course we need more Europe but, above all, we need better Europe.

Thank you for your attention.