



**European
Movement
International**

Resolution on “Lessons from the financial and economic crisis and its implications for the future of the EU”

FINALISE IMPLEMENTATION OF MEASURES TO SOLVE SOVEREIGN DEBT CRISIS AND STABILISE EUROZONE ECONOMIES

The crisis has many causes, problems and faces. Besides the fact that the EMU was conceived with a too low level of convergence in monetary and economic policies, a major flaw of the European Monetary Union (EMU) was that it did not include the scenario of a sovereign debt crisis. The Greek crisis has proven that government bonds are no more risk free investments and is only one of the many problems the EU is currently facing. Spain, Cyprus, Portugal, Italy and Ireland, as well as others, have to currently cope with difficult internal challenges, creating tremendous social and political tensions. Nonetheless, each case is different and requires different policy responses. It is essential that the concerned countries can rely on the support, the solidarity and the decisiveness of the European community. The crisis proved that the mechanisms currently in place were not enough to ensure fiscal discipline and economic convergence within the Member States. The EU therefore needs to find solutions to avoid financial and economic shocks in the future, which derive from the co-existence of our monetary union and the still incomplete single market with divergent economic policies.

CREATE BANKING SURVEILLANCE MECHANISM

The sovereign debt crisis derived in large parts from the financial crisis and the bail-out measures the governments had to undertake to prevent a collapse of the real economy. The lack of oversight and rules for the financial sector led to excesses on the financial markets. In the end the European citizens had to carry the burden for the irresponsible behaviour of some financial institutions. The costly rescue operations cannot be communicated to and justified before the European citizens. If instruments, such as the EFSF and the ESM, are deemed prudent by the decision-makers, that needs to be clearly communicated and explained to the citi-

zens. In the future no financial institution must be "too big to fail" and it must be insured that the financial industry itself carries the risk of speculative adventures on the financial markets. Hence a single supervisory mechanism (SSM) is needed to ensure such an environment coined by financial stability exists in the Euro area. In order to secure financial stability and fiscal discipline, the EU must continue to develop appropriate regulatory norms and mechanisms for the control and supervision of the big financial players. The European Central Bank (ECB) could be the appropriate body to insure stronger national supervision at the European level.

BOOST GROWTH AND COMPETITIVENESS

In the globalized world the EU needs to boost its competitive advantages in order to keep being an important political and economic player in the world. Competitiveness needs to be restored at the EU level in order to offer to all the Member States equal opportunities to generate growth. A long-term strategy for growth and a balanced budget are key elements of a renewed European economic and financial policy but should not jeopardize the European social model, based on solidarity, social protection and democracy. Trust in the European project is again necessary in order to attract (foreign direct) investment, boost trade and increase consumption of European goods. Trust in the functioning of the European market and economy is fundamental and needs to be restored and increased in order to safeguard growth. Our top priority must therefore remain to create jobs and growth in order to maintain social cohesion and welfare for future generations. One of the key aspects for ensuring economic success and being competitive in a globalized world is education and knowledge. In order to ensure this competitive advantage, Member States must invest significantly in R&D, improve their educational systems, offer professional training opportunities and secure investment from the private sector.

INCREASE DEMOCRATIC ACCOUNTABILITY AND TRANSPARENCY

The European public needs to have trust in the European institutions and EU policy-making. European citizens must feel that decisions taken on EU level are legitimate. During the crisis decision-taking too often occurred behind closed doors in the European Council. Instead of using the Community Method, measures like the European Stability Mechanism (ESM) and the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union ("Fiscal Compact") were concluded in an intergovernmental setting. Those intergovernmental agree-

ments should be transferred into EU-law as soon as possible and all newly created institutions, including the so-called "Troikas", must be subject to the full democratic scrutiny by the European Parliament. As a principle the democratic control of decisions should occur on the same level as the decision-taking. The cooperation between the national parliaments and the European Parliament must be intensified in the framework of Protocol 1 of the Treaties. This, however, must not lead to the creation of an additional parliamentary assembly. The European Parliament is the citizens' chamber of the EU and there is no need for the introduction of an additional organizational level.

Currently, the EU is as much in the media as never before, because the crisis affects almost all parts of European society and must be tackled with European solutions. The crisis should be seen as a challenge to induce and establish more participation and integration of the public and civil society in European policy-making. Society should be further included in EU-level decision-making and have the chance to shape policies, for example due to instruments like the recently introduced European Citizens Initiative (ECI).

AN ADDITIONAL FISCAL CAPACITY FOR THE EUROZONE WITHIN THE MFF FRAMEWORK

In its current setting the Euro area is unable to react adequately on economic shocks. The EU monetary policy doesn't provide the necessary tools to facilitate the desired adjustments of the economy. The national budgets are not big enough to provide the necessary means and are furthermore subject to tight rules for fiscal discipline set by the Stability and Growth Pact and the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union ("Fiscal Compact"). In order to be able to counteract and absorb financial and economic shocks, the Euro zone needs an additional fiscal capacity. The funds for this purpose must be drawn from additional resources and the budget must be developed within the EU's Multiannual Financial Framework (MFF) to underline the unity and integrity of the EU. At the same time the EU budget's share of own resource funds should be increased significantly to make it more independent from national contributions. In addition to the financial transaction tax the possibilities to raise further funding on EU level should be explored in that regard. Confidence by citizens that the decisions taken by EU leaders are and will be in their best interest is key to regain their trust in the European project. It is essential to explain fiscal and financial solidarity between Member States and the necessity of subsidies, guarantees and transfers within the Union.

DEFINE A EUROPEAN NEW DEAL

Europe is currently at a turning point in its history. The challenges that lie ahead of the EU need to be solved together with politicians, citizens, employers and employees. For that it is necessary that we define a fair and new deal for the EU, adjusted to the needs of our time.

Due to the high degree of interdependence between EU Member States, the countries have common problems which ask for common solutions. Increased political integration is the answer to many of the EU's challenges, but for this the trust and belief of the citizens in the European project must be strengthened and is key to our recovery. Deep economic integration creates the need for political integration to avoid the development of extreme economic imbalances and to restore competitiveness and the perspective for economic growth. Coming to that, civil society and policy makers need to make sure, that economic integration is accompanied by a social dimension in order to ensure social cohesion, fair competition, good working conditions, a fair labour market, and safety nets for those who need it.

In any case, It will be very difficult to communicate a feeling of trust in the European project to the citizens in such periods of global crisis, but this perspective is the only possible way-out on the medium term. A particular effort of pedagogy and transparency is therefore needed in this process. The main challenge is to win back the confidence of the citizens in the perspective of the EP elections in 2014. Therefore EMI calls upon the EP parties to nominate prime candidates and adopt election programs.

MAKE A FUNDAMENTAL DECISION ON THE FUTURE OF THE EU

The crisis has given us a better idea of the social, political and economic costs. The EU is in recovery and we are confident that it will overcome the crisis and see it as a chance for further integration, which despite its disastrous consequences for a lot of citizens can be an opportunity for institutional progress.

However, the discussion about a new vision for the future of the European project must be carried out in a public, democratic and transparent form. A new European Convention with the participation of the European Parliament, the national parliaments and governments and the European Commission is the only appropriate instrument.