

THE FEDERAL TRUST

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enlightening the debate on good governance

**A Europe of hope
Democratic and Effective**

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A Definition of Federalism

Federalism is defined as 'a system of government in which central and regional authorities are linked in an interdependent political relationship, in which powers and functions are distributed to achieve a substantial degree of autonomy and integrity in the regional units. In theory, a federal system seeks to maintain a balance such that neither level of government becomes sufficiently dominant to dictate the decision of the other, unlike in a unitary system, in which the central authorities hold primacy to the extent even of redesigning or abolishing regional and local units of government at will'.

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PREFACE

The message of this paper is a call for a democratic Europe. The central importance of this idea, so simple yet so revolutionary, emerged from a series of meetings over the past few years, and from detailed discussions with more than a hundred experts on European affairs, specialists on different topics and drawn from many different countries, both EU and non-EU.

We examined the Union's achievements and its failings, and returned again and again to the two fundamental questions. Why does this large and prosperous Union so consistently fail to live up to its great potential? And why has this Union so lamentably failed to win the trust of its own citizens, to whom it has brought so many benefits? Realising that the Treaty of Lisbon would not reach the heart of Europe's difficulties, we found ourselves confronted by a paradox: the ever-closer union to which all member states have signed up is today both essential and impossible.

Essential, because of Europe's relative decline in the world, and the manifest inability of either tiny member states or a loosely organised Union to protect their citizens' rights and interests. But impossible, because the people do not want it - they are fed up with being governed from a Brussels that they do not understand and by people whom they never elected to power. The Union, as it stands today, does not belong to the people - why should they love it?

From our debates emerged a conviction that more fine adjustments of the machinery of government would lead nowhere. Even the Lisbon Treaty will not drive away that profound feeling of alienation. There is only one way: put the people in charge. Let the people see that they are the ones who choose their European leaders, and that if those leaders fail to deliver then the people can throw them out. That is what democracy means. One citizen one vote, and the majority decide - the majority of Europeans for matters of common interest, but local majorities for matters of purely national and regional concern.

Since not every country is ready for further integration, even on these terms, we should envisage a Democratic Community within the existing Union. Those countries join which want to work more closely together, while others feel free to remain with the status quo. And ordinary people must be able to understand how it works and see that they have the deciding voice. Sovereignty of the people should apply to Europe just as it does within each separate member state.

A Europe at once democratic, voluntary and transparent, bringing hope for a better and safer future - it is ambitious. But can it be done? We believe so, and in this paper we suggest why and how. The details are for debate. But the principal idea, democracy in Europe, is irreplaceable. What is needed is the determination to do it.

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The two authors acknowledge with thanks the many people who have contributed their time, their expertise, their ideas and suggestions, on which this paper is based.

L'Espoir Européen, by the same authors, will be published in Paris during 2010.

A Europe of Hope

Introduction

We live in a dangerous world. Who could pretend otherwise? The financial and economic crisis that burst on us so suddenly - the endless series of vicious wars and violent crimes - the growing menace of changing climates and dwindling natural resources - and who knows what else awaits us round the next corner?

In this dangerous world, our only hope lies in building a Europe that is strong enough to protect us. But that cannot be the Europe of today, divided and disorganised as it is, and rapidly losing the confidence of its own citizens.

For perhaps the greatest danger of all comes from within, from Europe's own citizens, from ourselves. If we no longer believe in Europe, then the Union cannot function, it cannot protect us - and ultimately it cannot survive.

The faith of ordinary people in the unification of Europe, which has served us so well for half a century, is steadily crumbling. And without that faith there is no adequate alternative.

The message of this book is simple. The individual nation states of Europe are too small to protect their own citizens in a difficult, dangerous world. They are negligible compared to the weight of the superpowers. Nine out of ten people in the modern world are non-Europeans. They owe us no favours. Their interests do not coincide with ours, their values are not the same. The British have barely one per cent of the world's population. The French likewise, the Germans not much more. What chance have they, each fighting his own corner, pretending to an influence which long ago slipped away? Only by working together can we Europeans protect ourselves. Only the Union is big enough to give us the means and possibilities to do so. There is no Utopia round the corner. But there is enough room for hope, a hope based on realism and common sense, to see the world as it actually is, but also inspired by courage and imagination, to think through what we can do to help ourselves.

The Union of today, weak and badly-governed, cannot give us that hope. No wonder people are losing confidence. The Union cannot protect us unless it is strong. To be strong it must be truly united, it must operate as a single force. But that cannot happen unless the people trust it again, unless the confidence comes back.

The Treaty of Lisbon cannot bring confidence back. The Treaty is another patched-up compromise. It misses the central problem, which lies not in the details of government machinery but in the growing alienation of the citizen. Lisbon may change and even improve the details, but it leaves the Union as remote and impenetrable as ever, far outside the control or even the comprehension of its own citizens.

There is in fact only one way to rebuild that confidence: it is to establish democracy at European level. Let the people themselves decide what happens in Europe, exactly as they do within their own countries. Let the people decide who governs Europe. And if the leaders fail to deliver, then let the people voting in European elections throw them out, exactly as they do in national elections.

Put the people in charge! What use is a weak Europe? Where can a divided Europe take us? Who wants to live in a non-democratic Europe? Strength, unity and democracy are the key words for the revolution that Europe needs. But somebody must take the lead. The revolution can only be driven by political leaders of great courage and conviction. They will not find it easy and they will need help and encouragement. Part of our aim in this book is to appeal to all those people, in every country of Europe, who have any kind of vision of how they want their society to develop, to convince their politicians that none of their ambitions can be realised on anything less than a European scale. Whether they want left or right, freedom or equality, a richer, greener, more social or simply a safer society, Europe is the only way. Only Europe is big enough to meet the dangers, solve the problems and build for the future. Now is the time for them to talk to their friends and stir up support for a proposal that squares up to reality, reaches into the long-term, and this time offers solid grounds for hope.

There are some countries which do not want a stronger and more democratic Europe. They need not join. But the majority are ready to be convinced, if the arguments are well deployed. The way will be difficult. Patience and determination will be needed. It may take a whole generation for the people of Europe, battered by outside forces and bewildered by repeated failures, to regain full control of their own destiny. But the goal will be worth the effort.

Our ambition in writing this book is simple: to light a beacon on a far horizon, across stormy seas, but a beacon towards which the people of Europe might gradually bring themselves to steer.

What matters is to give democracy back to the people and let them decide. It is often, and rightly, said that the Union is less democratic than its member states - and this alone is a sound argument for not transferring more competences to the Union as it exists today. But it could be otherwise. There is no adequate model for a multinational democracy, but the idea is not impossible if we stick to the basic concepts, that the people must be in charge and must be able to see that they are in charge, that in the choice of leaders and policies it is the majority of the population that should carry the day, and that those who do not want to join need not do so.

Our proposal is therefore to build a **Democratic Community** within the European Union, to include all those countries that want to work more closely together and are ready

to accept the fundamental justice of decision by majority voting. We present a Charter of twelve basic principles on which the Democratic Community should be founded. We then map out, in turn, the dangers and challenges which we face; the aims and objectives of the Democratic Community; and a fuller account of how that Community might be established.

The essential step is to put before the people a short and clear document which we call the **Founding Act**, that establishes a truly Democratic Community and gives it the powers and flexibility needed to deal with future challenges. Let this be a document that anyone can read and understand – an Act that can be printed on a single sheet of paper. And then let the people of Europe vote for or against in a single, decisive, Europe-wide referendum.

Once the Act is in force, in those countries that want it, then the democratic institutions can draw up detailed legislation to map the working methods and to strike a balance between the powers of the Community and the member states. At the same time the Act should be supported by a **Political Project** that sets out the ambitions of the Community in terms of effective democratic governance, promoting and protecting its citizens' economic and social well-being, grappling with the challenges of globalisation and playing a decisive role in world affairs.

Easy to state, but difficult to bring about? Not necessarily. National governments hold the power in the Union today, and they need to be convinced. But sooner or later they will have to listen, because they know only too well that the present approach cannot work. And once governments are ready to face reality, then the people will be invited to approve, if they so wish, the all-important Founding Act which will put into effect those ideals on which a new Europe should be built, ideals which we now summarise in the form of a twelve-point Charter.

Charter for a Democratic Europe

THE PEOPLE OF EUROPE, determined to take charge of their own destiny, and to protect their collective interests by effective and united action, demand the establishment of a European Democratic Community on the following principles.

1. The aim of the Democratic Community is to build a Europe which is democratic, peaceful and prosperous, and strong enough to protect its citizens against the dangers of the modern world.
2. Europe cannot be strong unless it is united, and it cannot be united unless it is democratic.
3. Sovereignty in the Community must therefore belong to its citizens; they alone give legitimacy to its institutions; their welfare is its sole purpose.
4. The political authorities in the Community are chosen by the citizens in free and fair elections and are accountable to them alone.
5. The Community is a voluntary continuation of the European Union. Every Union member state may choose to join the Community or to abstain, preserving the right to join at a later date.

6. The Community legislates and acts in the domains of foreign, security and defence policy, economic, industrial and commercial policy, immigration, research, environment, energy and international transport. Policy areas which only concern the citizens of individual member states remain the responsibility of those states.
7. The power of legislation in the Community is delegated by the citizens to the supreme democratic institutions, which are the Parliament, elected by universal suffrage on the same conditions throughout the Community, and the Council, representing the member states.
8. The Parliament elects the President of the Community, who appoints members of a Government and assigns their responsibilities, with a fair representation of the Union's geographic balance. The Community Government takes responsibility for the collective interest of the citizens. It proposes laws and actions, takes charge of their implementation and directs the Community's administration.
9. Parliament and Council by joint decision determine:
 - the division of responsibilities between the Community and its member states,
 - the procedures and rules for implementing this Charter, for electing the Parliament, and for protecting the rights of the citizens,
 - the financial resources of the Community and its budgetary procedures,
 - the principles and objectives of the common foreign, security and defence policy, to be conducted by the President assisted by members of the Community Government.
10. The Community encourages the vigorous development of civil society, and gives an active role to European regions, cities, associations and foundations.
11. The Community and the European Union agree procedures for effective cooperation and, where appropriate, overlapping membership of their institutions.
12. This Charter enters into force once a Founding Act incorporating its principles has been adopted by a majority of the citizens in a European referendum organised with the full agreement of member states.

PART ONE - WHY?

1a - The need for change

We cannot go on like this.

It is the helplessness of Europe that is the fundamental problem, and the true reason for the people's growing discontent. This message has been underlined more forcefully than ever by the great financial crisis. Who could have realised, when watching the disparate reactions of the different member states, that the European Union is the biggest economy in

the world? Yes, even bigger than the US - or it would be if it was managed as a single economy.

But the refusal of the European states to pull together in the financial crisis, when all our livelihoods were at stake, only matches a similar disarray in foreign and military affairs. Some of us went to war in Iraq, but others did not. Some are keen on fighting a grim and dubious war in the mountains of Afghanistan but others are less so. Some sympathise with Georgia and some with Russia, some with Israel and some with the Palestinians, just as not very long ago some shouted for Serbia and some for Croatia, as though they were no more than a couple of football teams. Soldiers and civilians lost lives and limbs because the Europeans could not pool their efforts to establish peace.

No wonder the citizens are losing their faith. The European elections of 2009 were widely regarded as a failure. But the citizens were not to blame. They were offered no real choice between leaders or political programmes, the wonder is that anybody bothered to vote at all.

It is now more than eight years since the presidents and prime ministers of Europe pledged themselves, at the 2001 Laeken summit, to find a better way of running things. But the texts they produced - both the Constitution of 2004 and then the Treaty of Lisbon in 2007 - both designed to meet the voters demands for "renewal and reform" - were repeatedly rejected by the voters.

What went wrong? The leaders forgot the people! The documents they produced were impossible for any ordinary citizen to understand - and they were seriously flawed in the eyes of those few who could make sense of them. Those long years of talk resulted in half-measures. The Treaty of Lisbon will not meet the needs of the people.

But why did it have to happen like that? The French and Germans have constitutions that can be read and understood, why not the Europeans, instead of a document that is incomparably obscure? The reasons are illuminating. They lie not in the failure of Europe but in its very success.

As we shall explain further on, the gradual process of bringing the European nations together in that 'ever-closer union', which was launched in 1957, has been a titanic achievement. But the more it succeeds, the more important it becomes, and the more closely it touches the heart of political debate. Instead of managing the production of coal or steel - which is how we began - events have gradually forced the Union to involve itself in economic and foreign policies, the very bastions of national politics. And the presidents and prime ministers, backed by ranks of national politicians and bureaucrats, are fighting to keep control of these issues in their own hands. The very last thing they want to see is these questions decided by the majority votes of the people of Europe. There is a savage struggle for power taking place in Europe - and the people are on the losing side.

Of course one understands the motivation of the leaders, just as one understands the motivation of coal-miners who battle to keep open a derelict pit long after the good seams have run out. But their efforts to retain control, commonly summarised as the "inter-governmental approach" to European affairs rather than the "Community system", are

doomed to failure for three good reasons.

First, this approach will not work. It clashes with harsh reality. It cannot handle crises. It cannot deliver what the people want. It can only result in the leaders painfully negotiating towards the lowest common denominator and then going their own separate ways. And that will not solve the problems we face.

Secondly, it is not democratic. The leaders of France and Germany cannot obtain what their voters want because they have to compromise with Britons or Italians who want something different. But nor does the end-result reflect what the European voters as a whole want, because they are not sitting at the decision-table. The majority of voters may want policies of the left or policies of the right, they may want to choose between Mr White and Mrs Black to lead them - but what they get is nobody effectively in charge, and the politics of muddle.

And thirdly, it is not sustainable. The voters will not wear it. Already they have started to swing towards populist, nationalist and openly anti-European politicians and this process can only go further, unless something happens to stop it.

Europe cannot be successful unless it is strong and united, and it cannot be united unless it is truly democratic, unless the people can see that they are in charge and that their needs come first.

The fundamental justification for the Union is to mobilise the strength and resources of 500 million people to protect peace and democracy and to deliver the results that people want.

To make that happen, the system has to change.

1b - Achievements & Failures

Building the European Union has been one of the great achievements of the twentieth century and we should never forget it. More than fifty years of peace and security instead of war and the constant fear of war. Now twenty seven countries with 500 million people united to form the biggest economy in the world and the biggest trading unit, with prosperity unimagined a generation ago for many of its people.

Most Europeans share in the privileges of a single currency, and travel passport-free across national frontiers. Welfare levels are high and human rights are protected. Europeans can freely study, marry, work and retire in other European countries. Football competitions bind them together as closely as do exhibitions and concerts and all the richness of a shared cultural heritage: music and art, castles and cathedrals, villages and palaces, a tapestry of forests and fields and a wonderful variety of food and drink. The spectacular diversity of Europe is anchored within a common history and a common civilisation to create a remarkable way of life.

Yet these very successes bring with them the charge of failure. If we are so prosperous, why do so many of us still live in poverty? Why is the gap between rich and poor widening?

Why does the fear of random violence haunt our streets? The surge of globalisation has thrown thousands out of work and frightened many more. Sub-standard education and training have left many young people without prospects, trapped on the margins of a society which gives them no sense of loyalty or belonging. Immigrants pour into this earthly paradise to do badly needed jobs, but they often meet a chilly welcome, while their children find it difficult to integrate and may not even try.

How fragile the prosperity seems, when it can be thrown so suddenly out of gear by events in the rest of the world. Where are Europe's defences, when the price of oil, minerals or food rises out of control, or when bankers are caught short by the results of reckless lending? Where on earth are governments to find the money to bridge the gap between the services people want and the taxes they are willing to pay for them? The modern capitalist system, which has created so much wealth across the globe, seems to be in peril. But Europe has no solutions to offer, not even a properly integrated economy of its own.

The rest of the world looks at Europe and sees a brilliant model of deep cooperation between nation states. Nearby countries want to join the Union, far-off countries want to follow its example. They want to visit Europe, trade with Europe, learn from Europe. Yet then they wonder why this rich and powerful Union has such negligible influence outside its borders. Wars have not disappeared from the world, but other countries take the decisions. Some Europeans may choose to follow suit and others stand aloof, but the net influence is close to zero.

Europe could not prevent the war in Yugoslavia. The problems of Palestine or the Caucasus are on Europe's doorstep, but Europe never takes the lead. Europeans fear the menace of terrorism, but have no coherent approach to the grievances of the Islamic world. Europe provides more aid to the developing world than anybody else, but its efforts are fragmented and their value is often questioned.

Behind all these problems lies a deep anxiety in Europe. People naturally worry about their personal difficulties - the cost of living, the bills to be paid, the fear of unemployment, the inadequate public services, the threats to human rights, disorder in the streets. On one side lies the menace of financial meltdown, on the other the shadow of global warming.

One could continue the list indefinitely. But here lies the rub. Who is going to tackle these problems? In this imperfect world there are always problems of war and peace, of society and economy, of law and justice. What is new and dangerous today is that the problems are growing in scale and complexity, as the world becomes more entangled, and governments are less and less able to cope.

The truth is that national governments cannot handle the problems, they know it and the people know it. Yet governments will not use the potential of the Union to mount a concerted and effective response, even though these are common problems which affect every country in the Union.

There is an economic crisis, but some stand aloof from the single currency, while those who have joined still hesitate to give it an effective economic leadership. There are dangers abroad, but they refuse to put together a single foreign and security policy. Energy is running out, but they do not pool their energy policy. Europe is rich but the common budget is tiny

and at the mercy of complex bargaining sessions. And so on. And the tragedy is that the instrument Europe needs is ready to hand, the potential strength of this great and successful Union, but it is not properly used. There is no common project to mobilise this potential or to catch people's imagination. By a curious twist of public perception, Europe which should be the answer has come to be seen as the problem.

1c - The Crisis of Confidence

Surely the voters cannot be blamed for rejecting the Treaties, that were meant to make Europe more effective and "closer to the citizen". One might be surprised that so many were ready to back proposals that they could not understand. But the inconvenient truth is that the struggle for power between governments and the Union has swept aside the concerns of ordinary people.

The unhappy result was a set of texts that were complicated and full of ambiguities. It was a triumph of diplomacy to put these texts together, but it was done by letting governments haggle over the details, winning tiny arguments here and making concessions there. How could they be expected to be enthusiastic about the result, still less convey that enthusiasm to the hapless voters?

Faced with proposals they can neither read nor understand, where could the voters turn? It has become a question of trust, and that does not work, because the trust is no longer there.

All over Europe there is a general mistrust of politicians, who even at national level find it hard to deliver the results that people demand, or to live up to their own rash promises. And these politicians do little to explain Europe. When things go well the national leaders take the credit, and when they go wrong it is always Europe to blame. To the point where many people actually believe that it is some group of unelected bureaucrats in Brussels who are taking the crucial decisions, rather than, in reality, their own elected ministers.

There is a vicious circle at work here. When France, Germany, Britain were major powers on a global scale, there was always a chance that they might be able to solve their problems and protect their own people. But those days are long gone. Hence national politicians today are elected after promising results that the individual countries are quite incapable of delivering. When this happens time after time, then people cease to have confidence in their national political movements - and then inevitably they transfer this lack of confidence to the very different level of European politics, even though at that level there would be a much better chance of solving their problems.

The trouble is that if people mistrust their own politicians, they are bound to mistrust Europe even more. It seems strange, remote, difficult to understand, run by foreigners speaking strange tongues. The people of Europe have so much in common, but they have no way to express their political identity. There is no common public opinion, there are no common newspapers, no common political parties. They may vote in European elections, but their vote makes little visible difference. They have no power to decide who should run Europe, and there is no opportunity by voting to throw failed leaders out. That is the fundamental democratic failure of the Union.

A general conclusion from these factors might be in the following terms.

Even with Lisbon, the Union will evolve only slowly. Progress will be erratic, and not match the demands of the people. The Union will become less effective and even more remote from the ordinary citizen. Dissatisfaction will grow and public support will not be there. But the behaviour of governments and the attitudes of voters will not change until something happens to make them change.

Yet we can be certain that something will happen. Governments and voters will not change – until the need arises. The need will arise!

1d - Prospects & Dangers

Each generation in Europe faces new challenges. The first generation after the war had nothing to do but rebuild. They laid good foundations, and for most of them life did steadily improve.

The second generation, up to the turn of the century, found progress more difficult. Some things went well. The Cold War ended. The Union enlarged, and built on the strengths of the single market, the single currency and border-free travel under the Schengen agreement. There were important changes in the way Europe was governed.

Yet each step on the way was contested. People seemed to lose confidence in the Union, they sometimes voted against changes that were meant to help them. The economy grew more slowly. Jobs were harder to find. Inequality widened. Europe struggled to meet economic and security challenges from the rest of the world. Other powers could lean on Europe by pressurising individual countries rather than facing a single Union. Both Washington and Moscow found that “divide and rule” was an effective formula for bringing the Europeans to heel. The evidence that most important decisions were being taken outside Europe only added to the feeling of helplessness, and that widespread mistrust of political leadership already described.

But if people are anxious for themselves today, how much more alarming are the prospects for the next generation. The world becomes more complicated, it changes more rapidly, and globalisation makes everybody’s fortunes dependent on what happens somewhere else. Only the strong and well-organised will have material control over their own fate.

Crises will come thick and fast, and sooner or later they will force the next generation to break with the past. But must the Europeans wait helplessly until then, or can they take charge of their own destiny now?

Let us look into the future, let us say to the mid-century. Where will Europe be in 2050? What will the world be like for the next generation. We cannot make specific predictions – but some of the dangers can already be identified.

- World population will grow, perhaps by as much as a third, to over 9 billion people. We Europeans will then account for barely one in twenty - how can we expect to keep consuming a fifth of what the world produces?

- There will be a great shortage of raw materials, and particularly of oil. A hundred dollars a barrel already seems painful - what about five hundred? Or a thousand? Who knows what will happen. But cheap petrol and cheap transport will be things of the past, and everybody will be worse off.
- Global warming may slow down but it will not be stopped, and it will bring serious problems across the world. Food and water will run short in many regions, and people will struggle to survive. Famine and drought will generate irresistible pressure for mass migration, with Europe as a prime target.
- The west will lose its economic hegemony. Other countries are already developing more rapidly, competing for scarce resources, mastering new technologies and flooding world markets with their goods. What is it that Europe can manufacture that others cannot make more cheaply? How will our young people earn their living? Where will the jobs come from?
- Living standards in Europe will come under pressure, and for many people they could well fall. Some are falling already. Restructuring our economies will cause great pain. 'Knowledge industries' may hold their own, but they will only provide jobs for a few, for the better educated, and overall there will be more losers than winners. Social tensions will rise. Yet social services will suffer as governments struggle to balance their budgets and service their debts. More money will be needed for education, for health, for pensions, for a better environment, but the money will not be there.
- Growing inequality and the disruption to people's lives will raise tensions and world-wide resentment. The present balance of power will crumble, posing difficult choices for Europeans.
- There will continue to be small wars in the world, but there may also be big ones, and Europe's physical security will be in danger. But will we be strong enough to defend ourselves?

Of course, the world has always been difficult and dangerous, that is nothing new. History shows that at any given time some societies cope, and some go under. The challenge for any society that wants to survive, let alone flourish and prosper, is to work out where it wants to go and how it intends to get there. Can we do the same for Europe?

PART TWO - TO WHAT END?

2a - The answer to globalisation

What use is Europe? What is it all for? What is it meant to achieve? These questions are being asked more often by unhappy voters, and the answers so far given have failed to convince them. The real purpose of European union has to be put into the simplest possible terms.

Faced with all the dangers of a changing world, the purpose of Europe is to protect its people and to help them regain control of their own destiny. There lies the challenge for the next generation.

For that they will need a Europe that works properly, that is strong and well-organised,

and that is capable of handling those known dangers and difficulties – and whatever other problems may arise.

But strength does not depend on rules and institutions. Europe cannot be strong unless the people believe in it and insist on making it work. And that will not happen until the people can see that Europe belongs to them and is working for them. Otherwise all else is just so much talk.

The secret must lie in putting the citizen at the centre of Europe, creating a European identity based on a project to promote and protect our ultimate goals of peace, prosperity and democracy. And if the citizens are to be at the centre, then they have a right to three things.

- They have the right to know what is being proposed – to see, read and understand agreements that are simple and flexible, and then let governments sort out the details and produce the results.
- They have the right to know why. What is it all for? Why is it necessary? What are governments aiming to achieve?
- And they have the right to decide for themselves, by a democratic vote, which means that the majority carries the day, and decides who is in charge, while minorities no longer have the power of veto.

To achieve these rights the citizens will need effective **democratic institutions**, defined by a short and simple document which everybody can understand and support.

They need a **comprehensive Project** to give every citizen a share in a prosperous economy, a healthy society and an active community and cultural life, based on education, research and investment.

They need to build a true **European identity** as the Community gains strength, and as democracy is shown to work at European level, carried forward by the political world, by civil society, and by each and every citizen.

And they need a **unified foreign and security policy** to protect European citizens by promoting peace in our own neighbourhood and in the world.

We believe that the citizen can be offered all of these, under a programme which, as a working title, we call the **European Social Contract**. Its aim is to build a Democratic Community in which everybody shares the benefits and responsibilities - a society for all the people.

Why must the old system be changed? Because it is failing to deliver what people want. The Contract must set the Community's ambitions and mobilise public opinion behind them, to tackle our insecurities and meet those global challenges that are beyond the grasp of small to middling nation states. In essence this should be Europe's 'answer to globalisation' – a common approach to its problems and its opportunities.

Change is bound to come. Europeans have to find new ways of doing things, new ways to earn a living. But change must be managed so that society benefits as a whole, rather than splitting into winners and losers. The aim must be to tackle the problems of society, to build a coherent relationship with the rest of the world, to support that overall purpose of protecting and promoting peace, prosperity and democracy.

These aims are not new. Politicians everywhere try to pursue them, but they fall short when they pursue them in a purely national context.

What is new in this Contract must be a firm and long-term commitment by governments and the new institutions to use the unparalleled strength of 500 million people, working together to achieve those aims.

Individuals will differ on specific issues. Political parties are responsible for putting coherent policies on the table, setting out their own immediate priorities, while voters are responsible for choosing between them. But we believe the European authorities could collectively mark out a number of definite long-term ambitions on which they could work together. We might classify these under three main headings:

- Rebuild a sustainable economy that protects everybody's livelihood.
- Rebuild the identity of a confident and balanced European society.
- Rebuild Europe's role in the world.

2b - A sustainable economy for every citizen

The wealth of Europe and its economic leadership can no longer be taken for granted against the awesome background of globalisation. The central question must be put in the starkest possible terms.

How on earth are the Europeans to earn their living a generation from now?

Already today too many people do not even participate in the labour market, and too many do jobs that can be done more cheaply and just as well by workers from the other side of the world. The primary aim for Europe must be not merely more, but also **better jobs**. This means better education and training, and a special effort to find employment for young people. We have to live with globalisation - it will not go away, it cannot be stopped, but it brings as many opportunities as problems, provided we grasp them quickly. Creativity in the business world must be encouraged, making it easier to launch new ventures and hire people, while easing the pain of restructuring.

Europeans have to compete in the world, so they must be more productive at work. That calls for a greater combined effort in **research and technology**, where the strength of the Community should be overwhelming. Traditional materials, energy sources and transport systems will all become prohibitively expensive, and the damage they cause our environment will become unacceptable. But new materials and processes are waiting to be found and used. Better application of information and communication systems, a science-driven approach to future problems, with fewer man-hours consumed in old-fashioned bureaucracy

– all these are possible if the Community can muster its resources.

The individual who works hard deserves the support of a solid and reliable **financial framework**. The single currency provides some protection, but the long-term aim must be to extend its benefits to every member state, and to support the euro with a better economic governance, including tighter budgetary discipline and a unified regulation of banks and financial markets.

A strong economy needs a sound **infrastructure**, including energy, transport, communications, water and other utilities, and a common approach to protecting the environment. It is not hard to show that developing these systems demands an effort beyond the boundaries of individual states. Economies of scale and the need for common technologies backed by intensive research all call for a Community approach.

A particular priority should be to reduce Europe's dependence on **imported energy**, partly by a commitment to nuclear and renewables, partly by reducing demand (and pollution) through better public transport and energy-saving schemes. For Europe to buy less energy abroad would contribute substantially to the peace of the world as well as to our own security.

For much of this programme more money needs to be spent at Community level, where the current budget is pathetically low. Yet the overall burden of **public spending and taxation** is already high in Europe. Only a strong Community can resolve this dilemma. Its own spending must be financed by reducing national budgets, and indeed is only justified where it reduces total costs by avoiding duplication, simplifying administration, and yielding better results.

Where there is waste today in Europe, it comes often from the Union's own complex decision-making systems, with too many chains of command and conflicting objectives, failings which the new Community is designed to put right. Clarity of objectives, simplicity of control, and avoidance of competing projects – these are the foundations of good financial management, which will enable the Community in fact to deliver more for less.

2c - A balanced society

The most conspicuous blemish on European society today must be the growing **inequality**, especially among the young, which can only breed resentment, disillusion and violence. Education and employment are the most obvious and practical remedies, but there is also a moral dimension which is perhaps even more important. **Alienation** develops when people feel that society does not care for them, so why should they care about society? Why should they respect other people, when other people seem to live in a different world where different rules apply? People need to believe that they live in a fair and just society, where everyone has a part to play and a job to do, where work is fairly rewarded and both greed and idleness are discouraged.

They also need a sense of **community**. Again there are practical requirements, notably the building of houses and cities fit to live in, but the human dimension counts for more. This can only come from the development of an active and vigorous **civil society**.

There is room for work by trades unions and business organisations, for newspapers and broadcasters, for professional and academic bodies, for charities and voluntary organisations, for networks of European cities and regions, schools and universities, for lobbying groups and societies. The ideas must come from below, from ordinary people who can see that their views directly influence what happens in Europe. But the public sector can help and encourage, and in particular could do more to facilitate and finance young people's activities and exchange programmes, for they are that "next generation in Europe" to whom all these ideas are directed.

It must be clear that young people who find an economic place in the new society, who are conscious of exercising political rights and participating in community activities, will be less vulnerable to the more corrosive influences of the modern world. **Social ills** are largely the results of a society which is not functioning properly – but that is something which the Democratic Community can help to put right.

Texts and agreements are all very well, but the driving force must come from **the people** themselves. Their fundamental responsibility, as in any democracy, is to decide what they want and to press for it, to choose their leaders and to demand results. If this process is to work properly, then people must believe in it and start to think of themselves as Europeans as well as Germans or Italians. But it is a fallacy to suppose that the identity must come first. The Eurosceptics are too quick to argue that we cannot have a European democracy because there is no European 'demos'. But that is putting the cart before the horse. It is democracy itself that creates the identity, as people come to realise that they have a common interest in a strong and successful Europe, and a common responsibility for making it work. Let them together choose their leaders, share in the decisions and in the results, and co-operate in the joint projects of the new Community - and the common identity will emerge.

And, as always, **education** is the key to democracy, giving people the skills and understanding to live and work in the new Europe, and spreading the knowledge of one another's languages, history and culture. Politicians themselves must share in this work. It is their job to communicate at European level on common issues. A real democracy will force them to establish genuine European-level **political parties** that argue the case for European policies to tackle common problems, and so at last present the electors with the real political choices that they do not have today.

In fact the effectiveness of the Community and the strength of European identity are mutually reinforcing. If people see a Democratic Community working better as a result of their own decisions, then they will begin to believe in it, and that in turn will force political leaders to concentrate on further improvements. Europe has in a certain sense slumped into a vicious circle, where the failure to deliver and the feeling of helplessness compound each other. A great effort will be needed to reverse that process, but such an effort is within Europe's power. The Democratic Community that we propose could make it happen.

2d - Peace and security

The greatest challenge to any society is to protect its own citizens and it is a scandal that the Europeans have failed to organise themselves for this purpose. Why on earth should 500 million Europeans be dependent on 300 million Americans to tell them what to do? Why

can they not cooperate on equal terms? It sometimes seems as though Europe needs its own Declaration of Independence. But that is only feasible if the Community declares itself ready to assume responsibility for its own protection, and that requires a change of heart.

The fact is that the dangers of this world are to a very great extent common to all European societies. We are all neighbours. The United States is our friend, and we hope it will remain so, but it has its own problems and priorities, and sometimes shows a very different sense of values. The Democratic Community has above all to look after itself.

The military weakness of Europe has become a subject of mockery, but the underlying problem is that since the Cold War there has been no common doctrine of what the military are there for. The threats Europe faces are not of a kind to be met by conventional military means. Popular support for external adventures is extremely limited, and the divisions run deep both within member states and between them.

But these divisions are exactly what is to be expected if Berlin, London, Paris and other capitals all devise their own separate policies, and compete for influence on other countries rather than co-operate. The only possible guarantee of the Community's long-term security is for member states to pool their immense diplomatic resources into a single forum for analysis and policy making, directed towards evaluating Europe's common interests and resulting in a genuine **Single Foreign & Security Policy**. There are times when force has to be used. But if the aims are agreed and resources are pooled, the Community could equip a military force to protect our interests against real dangers for a fraction of what is currently being spent.

In broad terms our concerns are not difficult to identify. Europe wants its neighbours to be peaceful, friendly, democratic, and prosperous, states with whom we can cooperate both economically and politically. That is an objective towards which all the elements of "soft power" can be mobilised, including the attractions of association agreements with the Community. Once these countries realise that they are dealing with one Community, not a multitude of different power centres, then Europe's influence will multiply out of all proportion.

In other areas where European civilisation has left a profound influence, notably Africa and Latin America, there is room for closer cooperation to develop local economies, relying on better trade and technical links with the Community, and building a common view of world affairs. Further afield, co-operation rather than confrontation should be the trademark of European policy. This is not simply because Europeans are generally averse from the idea of persuading people to adopt so-called "Western values" by dropping bombs on them. The true potential of a united Europe is as a model for the whole world, to demonstrate the great benefits of international co-operation. We can show the world how it should be done. By its own example the Community has the power to become a decisive force for world peace.

PART THREE - HOW?

3a - A Europe that works

The aim is to build a Europe that can work effectively and deliver the results that people want from it. The method is to build it on a solid foundation, which can only be the sovereignty of the people - the sovereignty of all the people, the entire population, voting together. Only they can have the right and responsibility to decide, by majority voting, what happens and who governs them. Nothing less will suffice.

At the beginning of this book we have printed our proposed **Charter for a Democratic Europe**. Its purpose is to set out in layman's language the long-term, fundamental principles on which our new Community should be built. In doing this we have sought to separate the guiding principles from all the detailed mechanisms of government, which will need over time to be modified and adapted according to changing needs. The fatal flaw in the Constitutional Treaty and the Treaty of Lisbon was to mix up these different items, so that the all-important issues of principle were obliterated by the excruciating detail. But it can and must be done differently. So let us look again at the Charter.

In its first four points the Charter sets out the central argument. If Europe is to look after and protect its citizens it must be strong. Therefore it must be united. Therefore it must be democratic. Therefore it must be firmly declared that sovereignty belongs to the citizens - and this simple phrase marks the most radical change of all. For under this Charter sovereignty is no longer the preserve of national governments agreeing to co-operate from time to time in whatever manner suits them.

Where the member states may retain their rights is in the matter of legislation, where powers are shared between the Parliament, directly elected by the people, and the Council representing the states. But nobody has a veto. In a democracy it is the majority that decides.

3b - The three concentric circles

In point 5 of the Charter we recognise that the radical nature of this change makes it vital to preserve the voluntary principle. The long-term ambition must be to achieve a fully unified Europe. But experience shows that different countries tend to evolve at different speeds and this must be allowed for.

Some countries will be reluctant to face up to the new realities. They may wish to cling to the old way of doing things, and if they do not wish to take such a dramatic step right away their views should be respected - without permitting them to block progress by the others.

Hence our proposal is to create the new Democratic Community within the existing European Union. Any government which does not want its people to take part in the Union-wide referendum is free to stand aside, in which case that country remains a fully participating member of the European Union as governed by the previous Treaties.

So the decision to join or not would be voluntary. But since one of the aims of the Democratic Community would be to establish an effective economic government to safeguard its peoples' living standards, and such a thing is inconceivable except as part of a democratic political union, it would be natural to expect the countries that have adopted the euro, and so have an immediate stake in closer co-operation, to take the lead in the new democracy. But each of the euro countries must decide for itself. And in any case every member state of the Union remains free to join the Democratic Community at a later date, by national referendum.

The result would take the shape of three concentric circles, themselves evolving over time:

- Every country remains a member of the main circle, the Union itself, which might in time enlarge to include the entire Continent of Europe - if that is what the people want;
- the inner circle, the Democratic Community, will include those countries that choose to move forward in closer cooperation and to act as a driving force for the people of Europe - these will be most or all of the euro countries and perhaps some others;
- there is also an outer circle of other countries which want to base their future on close association with the Union, including its near neighbours as well as those from further afield, working together in a collective organisation, and acting as a driving force for world peace and prosperity.

3c - The Democratic Community

In points six to ten of the Charter we establish the structure of political authority within the new Community. Let us take them in turn.

Point 6 determines what the Community can and cannot do. It is authorised to legislate and act in those policy areas which truly affect its entire population and their collective interests, most obviously in foreign and security policy and in economic affairs. These are classically the domains where it is quite pointless for one country to go one way while its neighbour goes another. The very reason why we want to co-operate is because at this level our interests are bound together. But where the linkage is not so strong and member states can look after their own problems, there the Community does not intervene. The notion of 'subsidiarity' is thus preserved, but expressed more simply.

Point 7 defines the powers of legislation. Who makes the laws that govern the Community and bind its leaders? The Parliament and the Council, sharing equal authority. No law is passed unless it finds a majority in both houses.

Point 8 defines the Government of the Community - and note that we have never had a government of the Union. This Government has certain features in common with the existing Commission, in that it proposes laws but cannot itself legislate, and it acts to implement the laws that have been passed. But it is formed in a quite different way. Instead of national governments sending their nominees, often chosen with regard to local political pressures rather than on the basis of relevant experience at European level, it will now be the Parliament that directly elects a President who then freely chooses members to form a Government. President and Government are then directly accountable to the Parliament. In other words, when people vote for the Parliament they are choosing Europe's political leaders, which is not at all true today.

It could be argued that voters should choose their President directly, as happens in France and many other countries. But the counter-argument is that in a multi-lingual Community the problems of communicating with voters direct are too great. How can they judge a candidate if they cannot understand what he or she is saying except through the voice of an interpreter? Whereas within the Parliament the members work together over many years and have every opportunity of judging one another's merits and defects.

Point 9 sets out a routine for determining a number of strategic rules of procedure. These are matters of the highest importance, but they also need maximum flexibility in order to adapt to changing circumstances and changing political goals. A great weakness of the present system is that such adaptations can only be made by agreeing a new Treaty, requiring the unanimous support of the member states. That cannot be appropriate for the dynamic world we live in. So within the Community these procedures are not pre-determined, they are not carved in stone beforehand, but the member states are fully involved in joint decisions with the Parliament, and further amendments can only be made in the same way.

Finally point 10 carries the principle of delegation still further and insists on the vital role to be played in the new Europe by civil society and local organisations in their manifold forms.

3d - The Founding Act

The Charter is a statement of principles, still to be put into legal form. Points 11 and 12 indicate how this is to be done, with particular attention to the delicate relationship between the new Community and the existing Union - until the happy moment when all members of the Union decide to join the Community and the two bodies can finally merge.

The decisive step in law will be the adoption of a document which we call the **Founding Act of the European Democratic Community**. This Act enters into force if it is adopted by a majority of voters taking part, on a single day, in a single Europe-wide referendum. This referendum takes place with the full agreement of the member states - in other words, while the citizens have the last word, it is in the hands of the governments to authorise the referendum and approve its organisation. It is also open to any government which does not wish to take part to stand aside and not let its citizens vote. These provisions reflect the simple fact that right up to the passing of the Act it is the governments that hold the power in the Union and so important a step cannot be taken without their approval.

At the end of this paper we offer a draft of how the Act might be worded. This is a basis for discussion. No doubt some of the problems might be addressed differently. Lawyers will have their say, and politicians will argue about the final wording. That need not matter, provided that the essential remains. What is essential is that the Act provides an unequivocal transfer of power to the newly defined 'supreme democratic institutions', and that the Act, albeit a formal document, is worded in terms which any citizen can understand. We would like it to be short and crisp - we propose a text that could be printed on a single sheet of paper and given to every citizen to read and discuss.

One or two points should be emphasised here. We have introduced the notion of the '**supreme democratic institutions**', namely the Parliament and the Council. All

legislation will require a double majority, the approval of both houses. This serves a double purpose, first to ensure that the member states do retain an equal voice in legislation, and secondly to kill off once and for all the widespread notion that unelected bureaucrats are somehow in charge of Europe. Note that the Council is initially composed of presidents and prime ministers of the member states. But in practice they may choose to delegate powers for specified purposes to separate Councils composed of specialist ministers, who take responsibility for particular policy areas and for all normal legislation. So there is an organic link between Councils at different levels, which is not the case in the Union, even under the Treaty of Lisbon.

The second innovation is the idea of **'basic laws'**, which serve to put flesh on the bones of the Founding Act itself, and specifically to define the working methods and the separation of powers and responsibilities between the Union itself and the national and regional authorities. These are of a wider application than normal 'Community laws', and therefore require a reinforced version of the double majority. For this purpose the Parliament must approve by two-thirds of its members, and the Council by two-thirds of its members representing at least two-thirds of the Community population.

That is indeed a stringent requirement, and rightly so, since here we are discussing the actual structure of political power within the Community. We are addressing the well-known fears that small countries will be swamped by the weight of the big ones, or that the large countries will be outnumbered by the many small ones. All must have some say in the outcome. But the crucial effect is that no one country and no unrepresentative minority can veto changes that everybody else deems essential. In practice the Community will compromise, as always, but compromises will be better attuned to the needs of the people than to some lowest common denominator.

But the Founding Act must allow for the possibility of modifying these basic laws, through a proper constitutional procedure, because circumstances will change and people will also change their ideas about what they want and how they want to achieve it. Flexibility is vital. The Community must never find itself in a position where leaders agree on the need for change but cannot agree how to make it happen. So the basic laws must be capable of amendment, as in most written constitutions. But such changes must not be taken lightly and any modification will require exactly the same reinforced double majority as the original: two-thirds of the Council by number of states, two-thirds by number of population, and two-thirds of the Parliament.

In these ways the member states retain their strong influence on legislation and on the overall power structure. The same reinforced majority provisions apply to the Community's budget and taxation powers, as well as to the aims and methods of foreign and security policy. In contrast we propose a complete change in the management of the Community. Instead of the present awkward relationship between Commission and Council, our third major innovation is to propose a single **Government of the Community**, its members chosen by a President who is in turn directly elected by the Parliament, to put into effect the political choice that voters have made at the European elections.

No longer can that embarrassing question be asked, "Who is in charge of Europe?" The President will be in charge, governing with his or her chosen colleagues, within the framework

of the basic laws, and subject at all times to the scrutiny of Parliament, and in the final instance to the verdict of the voters at the next elections.

And then everybody will have to accept new responsibilities. The voters will have to choose - one party or another, one leader or another - and accept the consequences, as they do with their own national elections. Never again will they be able to say, "We were not consulted". But the political parties in Parliament will have to organise themselves on a Community basis, to offer that choice, and propose their candidates to lead the Community. And to govern effectively the President will have to choose colleagues of the highest quality, with the right experience at both national and European level, and fairly reflecting the geographical balance of the Community. It is possible to imagine that the best solution might be for the President and at least some Ministers to be chosen from the Parliament itself, from the ranks of the strongest party or group of parties, so that they have the experience of working together on European affairs - but that should emerge naturally, not be laid down in advance.

3e - The Community and the Union

The Democratic Community is formed within the existing Union, its members remain members of the Union, and all the rules and procedures of the Union remain in force except where explicitly modified. As point 11 of the Charter makes clear, it is vital that the two bodies establish sound methods for working together.

The final article of the Founding Act explains how. Community institutions look after their own affairs in their own way, but they participate fully in Union business and share fully in Union decisions. Some important issues will continue to be dealt with at Union level - perhaps internal market and competition policies, for example. Staff and budgets will have to be reallocated. Goodwill will be needed, and full practical co-operation, for which the Act gives responsibility to the Commission of the Union, including both Community and non-Community members. The aim of the Community is not to tread a different path from the other Union members but simply to go on ahead, pursuing its own responsibilities, seizing the new opportunities, while holding out a life-line for the others to follow when they are ready.

CONCLUSION

Our separate nation states cannot cope with the dangers of the modern world.

For that we need a Europe which is strong and effective.

To be effective, Europe must be united, it needs to speak with one voice.

But to be united it must have popular support.

For that it must be a true democracy.

Building a democratic and effective Europe is a task for a generation.

It is time now for the people of Europe to unite in hope and confidence, to show their readiness to build their own future and to face those challenges of the modern world together.

Let them urge their political leaders to act on these principles.

Founding act of the European Democratic Community

PREAMBLE

1. WE, the people of Europe, determined to bring an end to the destructive divisions of the past, have decided to establish the European Democratic Community to guarantee our freedom, our diversity, our prosperity and our peace. As we face the challenges of the modern world, it is only the Community and not the individual member states that can protect our rights, our security and our long-term interests, and work for peace in our own neighbourhood and in the world at large. Only the Community can effectively deal with the problems and meet the aspirations of European society. These are the Community's objectives.
2. By this Founding Act we establish the Community, by voluntary association of those states who so wish, within the framework of the existing European Union. We give the Community the powers needed to achieve its goals, without detriment to national and local responsibilities. We determine how the Community shall be governed. We guarantee respect for the political and social rights of all citizens. We offer all citizens the opportunity to develop their skills and use their talents to secure a proper place within the community. And we commit ourselves to working for peace, freedom and democracy in the world, with respect for human rights and for the values of other societies.
3. Based on these principles, and building on the experience of fifty years of 'ever-closer union', we aim to create a new form of Democracy in Europe:
 - a Democracy drawing its legitimacy direct from the people;
 - a Democracy close to each citizen, with an active role for cities, local communities, and civil society;
 - a Democracy fully accountable to the people, with power shared between a Parliament, chosen by universal suffrage, and a Council representing the member states;
 - a Democracy giving priority to education, research, health and the needs of the disadvantaged;
 - a Democracy convinced that the welfare of each human being demands both a steady improvement in material wealth, fairly distributed, and the development of social, cultural and spiritual well-being.

We will work together within the Community, in the spirit and under the rules of this Founding Act, to achieve our common goals and protect our common interests, and so develop and consolidate our common political identity

TITLE I – The citizens of the European Community

ARTICLE I: THE CITIZEN

1. The European citizen alone gives legitimacy to the Community and its institutions.
2. The citizens of all member states are citizens of the Community, and sovereignty in the Community belongs to them.

ARTICLE II: THE RIGHTS OF THE CITIZEN

The European citizen is protected by the European Convention on Human Rights. European citizens enjoy the same rights throughout the territory of the Community, including:

1. the right to travel, to work, to take up residence, to vote in local and European elections;
2. the right to establish a business, trade union, association or foundation under European law, with the same rights as equivalent national institutions;
3. the right to receive health care in any member state;
4. the right to compensation for loss of employment;
5. the right of access to European culture, through education in European history, languages and civilisation ;
6. the right to information from Community authorities, with official secrecy provisions limited strictly to matters of defence and security, and subject to challenge before the European Court of Justice;
7. the right to a free press and independent media, protected by the European Court of Justice;
8. and such other rights as may be established by a Community basic law.

TITLE II – The community and the member states

ARTICLE III: THE DEMOCRATIC COMMUNITY

1. The European Democratic Community is established by this Founding Act, which shall enter into force thirty days after it has been adopted by a simple majority of citizens in a Europe-wide referendum taking place on a single day with the agreement of all member states.
2. The Community has legal personality.
3. Member states of the Community remain members of the European Union.
4. All institutions, rules and procedures not modified by or under this Act remain subject to the existing Treaties of the European Union.

ARTICLE IV: MEMBERSHIP OF THE COMMUNITY

1. The Founding Act is open to all existing member states of the European Union, but any such state may choose to abstain from the referendum, in which case it will remain bound by the rules of the Union and not by this Act. It may choose to join the Community at a later date by national referendum.

2. Any state which at a later date joins the Union, which adopts the objectives, values and achievements of the Community and which expresses its intentions by democratic means may apply for membership of the Community. Such membership shall take effect if approved by a Community referendum.
3. The suspension or expulsion of a member state is determined by the same procedure.

ARTICLE V: ASSOCIATE MEMBERSHIP

Any state which accepts the objectives and values of the Community may apply for associate membership, to be determined by joint decision of the Parliament and Council, each acting by absolute majority.

ARTICLE VI: MEMBER STATES AND THE COMMUNITY

1. The Community guarantees the territorial integrity of member states.
2. The Community and member states guarantee immediate mutual assistance in cases of aggression or natural disaster.
3. The Community may establish restricted groups of member states to pursue specific action programmes on condition that these are intended to benefit the Community as a whole.

TITLE III –

Powers institutions and procedures of the community

ARTICLE VII: COMMUNITY COMPETENCES

1. The competences which belong exclusively to the Community under this Act are the following: economic co-ordination, foreign, security and defence policy, trade, industrial and commercial policy. The Community may also legislate and act in the domains of social policy, health and welfare, immigration, research, environment, energy and international transport. Only a basic law may extend or modify this list of competences.

ARTICLE VIII: LEGISLATION

1. Legislative powers are delegated by citizens of the Community to its supreme democratic institutions, which are the Parliament, elected by universal suffrage under the same conditions throughout the territory of the Community, and the Council, composed of heads of state and government of the member states.

2. The Council may delegate powers to a Council of Ministers, on conditions fixed by a basic law.

ARTICLE IX: TYPES OF LAWS

Legislative acts are either Community laws or basic laws.

ARTICLE X: COMMUNITY LAWS

Community laws require joint approval by the Parliament and the Council of Ministers, each acting by simple majority. In a case of disagreement the Parliament has the power to decide by an absolute majority of its members.

ARTICLE XI: BASIC LAWS

1. Basic laws require a special majority: they must be approved jointly by the Parliament, acting by two-thirds majority, and the Council, acting by two-thirds of its members representing two-thirds of the Community population. Basic laws are required for the following purposes:

- to determine the methods and procedures for implementing this Act;
 - to resolve specific questions of powers and procedures when so demanded by a Community institution;
 - to determine the voting procedures for the election of the Parliament and for Community referenda;
 - to clarify, modify, and where necessary to extend the competences and sectors within which the Community is authorised to legislate and act;
 - to specify the domains where the Community may require harmonisation of policies or administrative procedures by the member states.
2. The same majority rules apply for any modification of a basic law.
3. Every basic law must be submitted for approval to a Community referendum if two million people so request by petition to Parliament.

ARTICLE XII: URGENCY PROCEDURE FOR BASIC LAWS

Within the first two years from this Act entering into force, an urgency procedure may be demanded by the Parliament, the Council or the Government on a specific question requiring to be resolved by a basic law. Parliament and Council are then allowed two months to establish a common text, to be adopted under the special procedure of Article XI, failing which each institution shall propose its own text and a Community referendum shall decide which to adopt.

ARTICLE XIII: THE PRESIDENT OF THE COMMUNITY

1. After each election the Parliament shall elect the President of the Community, for a period equal to the mandate of the Parliament
2. The President heads the Community Government and appoints its Ministers, assigning their responsibilities in the light of their competence and experience, while ensuring a fair representation of the Community's geographical balance. The President summons and presides at meetings of the Council.
3. If the Parliament and the Council both vote by absolute majority a motion of no-confidence in the President then the President must resign. The Parliament must then elect a new President within fifteen days, failing which the Parliament is automatically dissolved and new elections are called.

ARTICLE XIV: THE VICE-PRESIDENTS

1. To assist the President, the Parliament shall elect three Vice-Presidents, for the same period, with the following special responsibilities:
 - one to maintain contact with citizens and civil society and deal with their concerns;
 - a second to monitor Community expenditure and make appropriate reports to Parliament;
 - a third to conduct foreign and security policy as directed by the President.
2. The President may dismiss a Vice-President, in which case the Parliament shall elect a successor, who shall have tenure up to the end of the mandate.

ARTICLE XV: THE COMMUNITY GOVERNMENT

1. The Government is responsible for the collective interest, subject to this Act and to the basic laws. Under the authority of the President it proposes Community laws and actions, takes charge of their implementation and directs the Community's administration.
2. A member state may for stated and justified reasons submit a veto to a Government proposal. That veto shall be debated in the Parliament and in the member state's national Parliament. If the Parliament of the Community after further debate endorses the original proposal then that proposal is valid and the member state must either accept it or reconsider its membership of the Community.

ARTICLE XVI: THE COMMUNITY BUDGET

1. The Parliament and the Council, acting by the special majority defined in Article XI above, shall determine the financial resources of the Community and specify its powers of taxation.
2. Acting by the same majority they shall determine a general budgetary procedure under which the Government shall each year present specific proposals for revenue and expenditure for approval by the Parliament.

ARTICLE XVII: FOREIGN, SECURITY AND DEFENCE POLICY

The Parliament and the Council, acting by the special majority defined in Article XI above, shall determine the principles, objectives, methods and resources of a common foreign, security and defence policy, to be conducted by the President of the Community assisted by a Vice-President and by the appropriate members of the Community Government.

TITLE IV - Other institutions

ARTICLE XVIII: COMMITTEES OF CITIES AND REGION

1. The Democratic Community shall establish a Committee of Cities and a Committee of Regions, each comprising no more than 300 members, democratically elected by municipal and regional authorities under procedures established by a community law.
2. Each Committee shall receive one per cent of its members' budgets, matched by an equivalent amount from the Community budget
3. The Committee of Cities shall promote cooperation among European cities in the areas of education, culture, research and youth exchanges.
4. The Committee of Regions shall promote programmes of economic development linking regions from different countries.

TITLE V – Transitional arrangements

ARTICLE XIX: ESTABLISHING THE COMMUNITY

1. Within thirty days of the referendum which puts this Act into force, the member states of the Democratic Community shall make the following arrangements:
 - the relevant members of the Union Parliament, European Council and Commission shall meet and constitute themselves on a provisional basis as the Community Parliament, Council and Government, and in that capacity shall apply the provisions of this Act;
 - the provisional Parliament shall elect a Community President to take up the duties laid down in this Act;
 - the provisional institutions thus constituted shall within three months pass a Community law to organise Community-wide elections for a new Parliament, under a common voting system which represents both the preferences of individual voters and the overall diversity of opinions;
 - the elections shall take place within a further three months;
 - the elected Parliament shall then apply the full provisions of this Act and shall either ratify or modify all measures taken by the provisional institutions.

ARTICLE XX: THE COMMUNITY AND THE UNION

1. If this Act is not adopted by all members of the Union, as allowed for in Article IV, then the European institutions will operate under two distinct systems of organisation, that of the existing Union and that of the new Democratic Community. During this transition period, until all members of the Union join the Community, the closest possible co-ordination is required according to the following principle: that the institutions of the Community take part in the Union institutions for matters of common concern but act separately for Community matters.
2. This principle will be operated as follows:
 - the Community Parliament sits on its own for Community business but its members also sit as members of the Union Parliament for Union business;
 - members of the Community Council and Council of Ministers also sit as members of the corresponding Union Councils for dealing with Union business;

- The Community designates its own members of the Union Commission, following the rules of the Union. The Commission will be called on to arrange full practical co-operation between the Community and the Union.

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