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Press release

A EUROPEAN FEDERAL STATE TO TACKLE THE FINANCIAL CRISIS

The financial crisis triggered by the bankruptcies and the difficulties of many American banking institutions is spreading to Europe. And doubts are multiplying about the ability of the European Union, and more particularly the Eurozone, to protect its own citizens from the consequences this crisis could have on the economy, on trade and on development prospects. Once again the European Union is found lacking the tools with which to act.

Without an effective European government behind it, that could react immediately to the succession of events, the Central Bank and the Euro are found to be still fragile bastions subject to the unilateral initiatives of the individual member states. The contrast with what has happened in the USA could not be sharper: while Washington debates the qualities and defects of the anti-crisis plan, approved by Congress, Brussels doesn't even know where to start from, because in the final analysis, decision-making power, in this field too, is in the hands of the national governments.

Making a fool of itself, the European Commission is urging the Americans to show a sense of responsibility, without even realising that in recent times the Europeans have done nothing to prevent the United States making the serious mistakes they did both in foreign policy and financial and economic policy; just as they did nothing to untie the knot in the energy sector, and the policy towards Russia and the Middle East, which have contributed and continue to contribute to aggravating the situation.

When it comes to the Member States the picture is equally alarming. While France and Germany are finding it hard to agree on a joint European plan, the smaller countries try to get by as best they can, unloading their crisis onto their neighbours, as in the case of Ireland, or trying to save the national coffers from acquisition by other large European banks, as in the case of the Benelux countries during the rescue of Fortis. Once again it is European disunion rather than Union that prevails.

Some commentators, such as Leparmentier on *Le Monde*, are starting to say that we need a European federal approach, but go no further than supporting the vague French plan of financial and economic coordination based on setting up a European guarantee fund outside of any federal institutional framework. We are seeing the usual comedy of errors. France appeals for a sort of European fund without specifying if, how, and with whom it wants to create federal institutions. Germany answers that the functioning of the European Union is based on subsidiarity and not on the help of a central authority. Italy limits itself to reaffirming, with egoistic provincialism, that she will not be touched by the crisis.

For better or for worse, in America, but not exclusively, the State is taking action once again and, after years of irresponsible *deregulation*, is once again acting as the regulator and redistributor of debt and wealth in society. In the divided Europe, on the other hand, the individual States are wriggling out of their responsibilities because they are not large enough to control or tackle the effects of the possible collapse of some banking colossus or other, which has now grown well beyond the confines of its national borders.

The time has come therefore for Europeans to question themselves on the direction of the European integration process, its aims, the anachronism of their little States and on which basis they intend to found their prospects for the development and welfare of future generations. The current European Union, despite the successes achieved, is no framework for getting to grips with and winning such challenges. Nor can we believe that the Central Bank and the European currency can do it either, without a European State and without a government. Only in a true European federation could one reconstruct the virtuous circle of currency, economy, government, foreign policy and democratic control of economic development. But just as such a Federation can no longer be based within the current institutional structure, it is also necessary to relaunch the construction of Europe outside of the existing Treaties, which by now do not offer scope for progress towards federal aims. This is why we urgently need

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the creation of a first core of a European federal state equipped with the tools and resources to act effectively in the new global equilibrium.

At the time of the Maastricht Treaty, the initiative and determination of a group of countries prevented Great Britain from blocking monetary union and the birth of the Euro. Today it is quite clear that the responsibility for taking the initiative to create the European federation lies with the founding countries, the corresponding political classes and institutions, and primarily those of France, Germany and Italy, which first took it upon themselves, after the Second World War, to start the process of the political unification of the Europeans.

What we need is for the political parties and all the active forces of the societies of these countries, for whom the destiny of Europe in the world is still at heart, to ask their respective governments and parliaments to commit themselves as soon as possible to building the foundations of a first core of a European federal state. Otherwise, Europeans will remain at the mercy of the developments of the financial crisis and the balances of power between powers outside Europe, and will even strongly risk jeopardising the model social State on which the welfare of the citizens of Europe itself has been founded for decades.

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