

Input by Bernard Barthalay

Marc highlights **the unsustainability of the current *status quo***. Society cannot survive in the long run under politics of fear. The Continental Manifesto is all about switching Europe from these to politics of hope. I agree as regards the ingredients of the toxic mix, but with a codicil. Neoliberalism, as seen from an economic point of view (curbing rules in favour of capital and the rich, and of extractors of value rather than producers), a financial one (subjecting banks to markets, and states to banks) or a political one (post-democracy, of which technocracy is only one aspect) is both the ground on which plutocracy prospered and, too, the factor which allowed European national governments (as European Council or euro-group), through successive shocks, to usurp powers which had been shared with common institutions or relinquished to them. It resulted in an institutional drift from the Rome Community, then Maastricht Union to a remake of the previous European system of sovereign states, under German economic and political (short of military) not so unintentional hegemony.

Everybody speaks of a crisis (lasting since the seventies), Marc – with good reason – of a paradigm crisis (which was latent since Thatcher challenged her opponents with the TINA motto, and patent after the Lehman Brothers default and its subsequent fallout). Rutger Bregman says we are in a coma. All end up with an implicit or explicit question: **what is to be done?**

There is a plethora of suggestions all around us. Martin Wolf listed some lately in the *Financial Times* (« Global elites must heed the warning of populist rage », July 19, 2016), prioritizing them. Very significantly, he stresses **interdependence** first, which requires a global balance of power and co-operation as well. Our Manifesto starts from global challenges to the independence of Europe: energy and finance, that is, issues that can be resolved only through global pluri- or multilateral negotiations between continent-wide states or unions of states, which means co-operation between sovereign regional powers. Turning to European common issues, our Manifesto points to the need for a multi-tier system of government allowing for autonomy of, participation of and cooperation between all components, say: a federalism for the 21st century. Global negotiations and European common policies should focus on global public goods (climate and finance).

Reforming **capitalism** comes second on Wolf's list. According to us, it would include : a) regulating European banks and markets sufficiently in order to stabilize the financial system and « inventing a new finance » (Aglietta) to achieve the zero carbon target ; b) containing the excesses of shareholder capitalism by opening corporate governance to stakeholders (workers, trade unions, subcontractors, suppliers, customers and territories).

The third item on the list may be interpreted as an implementation of subsidiarity: global cooperation or any tier of federal systems should rule only « where it will help » a sovereign government or a lower tier of federated governments « to achieve significant domestic objectives » It refers directly to *subsidiarius*, serving to assist or supplement, and *subsidium*, a help, aid (to an independent government or a lower tier). Wolf points to the most important of those matters, **taxation**. May I quote one of his sentences, that sums up much more: « Wealth owners, who depend on the security created by legitimate democracies, should not escape taxation. » No ownership (no opportunity either, no mutual trust, and also no confidence in institutions) without security, no security without a legitimate government, no government without powers and resources, no tax without representation, no legitimacy in open and democratic societies without equality of rights and duties, no tax equality with tax loopholes and havens. That takes us far.

Then, Wolf turns to activity, and suggests rightly that a G20, EU or Eurozone fiscal stimulus would be welcome, adding that he favours higher minimum wages and cutting taxes for workers.

Back to Roosevelt (1933), Churchill (1909) and, lately, Delors, who was repeating, through the eighties and nineties, that income sharing had to be rebalanced in favour of wage-earners. All this strikes a chord with many people. But it requires a « political revolution », to end austerity policies, based in Europe on German monetarism and ordoliberalism *and* the intergovernmental **Unionsmethode** (as opposed to the « méthode communautaire », alias *Gemeinschaftsmethode*). Not less. It may even require « working less » (Rutger Bregman, <https://www.theguardian.com/commentisfree/2016/apr/18/solution-everything-working-less-work-pressure>) and giving free money (starting with quantitative easing for the people) to everyone (https://youtu.be/aIL_Y9g7Tg0).

Finally, Wolf addresses the issue that makes people angry: should borders be open or closed? Post-Brexit will show that free movements of products (goods and services) and factors of production (capital and labour) form a single whole, to be jointly regulated in **the internal market of an economic (and currency) union** – a union with a common economic (and monetary) policy.

This simple to-do-list illustrates brilliantly our common stance. Yes, Marc, « a paradigm crisis cannot be solved by policy ». It can only be solved by another better paradigm. But how can this become a reality? By policies the old failed order – nation states, national parties and intergovernmental deals – has demonstrated abundantly that it cannot implement or even design in the first place? Are we doomed to wait for a catastrophe and the final failure of neoliberalism? Is the legacy of the Bretton-Woods era (multilateral and European common institutions) robust enough to face the Day of Reckoning and channel a newborn political boldness – emerging from nowhere – towards a peaceful political switch to new policies, currently held as unrealistic, without setting up a new political order ? Some tend to answer « yes » and look for the narrow path on which a series of steps would lead governments towards a federal outcome, without the people, or with its *a posteriori* consent. That was the approach of the « à la Monnet » side of our *Nouvelle Donne* (2012), or Aglietta's *New Deal for Europe* (2013), or of his above contribution, or *The Modest Proposal*, by Galbraith, Holland, and Varoufakis (préface de Michel Rocard, 2014). The best currently available plan on the narrow path is Andrew Duff's *The Protocol of Frankfurt*.

Some others tend to doubt of the likelihood of such scenarios, because of the unwillingness of governments to change policies in which national and common bureaucratic oligarchies are currently entrenched, or the structural impossibility for member states to decide a #NewDeal4Europe without relinquishing more powers and resources to European institutions, either the Union's or the Eurozone's. The first analysis leads to a scenario of declaratory tactics aiming at rallying people to the inclusive « democratise Europe » (DieM25) motto, without any definite strategic goal or set of goals, other than the personal self-definition of Varoufakis as a federalist, and his (lip service?) reference to Spinelli ; the second focuses a rational plan, best illustrated in Alberto Maiocchi's *Un Piano per l'Europa* (and based on the internal and external consistency of a sequence starting with a fiscal union and ending with a Constituent Assembly of a United States of Europe. In spite of different tactical or strategic approaches, the success of all those plans would depend eventually on the same institutional cornerstone, the creation of a Treasury (and, at an intermediate stage, my proposal of a European Fiscal Institute, taken up both Aglietta and Maiocchi).

But if the prospect of a growth stimulus and the Treasury thing would be the easiest tasks to undertake, why are they ranked 4th and 5th on Wolf's list? There needs to be some unspoken issue that reverses the order in the Wolf's list, and it is the **acceptability** of such bold moves. People have to trust experts to understand that the euro has to be completed, and that own resources, say common taxes, are required in the EU or Eurozone to balance the policy mix, while the few politicians who are fighting austerity don't even know or believe what experts tell them, and how to explain it in an understandable manner to the average voter. The issue is not

complexity (such issues were already technical and difficult in the past). The issue is one of confidence and trust. People are confused and suspicious: they do not know exactly what is happening, they can't ignore that nation states are dwarves among giants, and they can't even imagine the order of magnitude of global financial flows. What they see is that nation states don't work any longer, while they are made to believe that anonymous Brussels, neoliberalism or not, is the culprit. Just as you grab a lifebelt when you fall into deep water, they cling to their nation state and the illusionists who tell them they will make nation states safe and wealthy again. And they are suspicious of mainstream politicians who promised so much and delivered so little. **Legitimacy**, both national and European, is lost and has to be restored, since we need both tiers of government and some more.

What I meant by **social contract** in our Continental Manifesto does not refer to the original *Contrat social* by Rousseau. It has to do with the loss which too many Europeans are feeling. They feel as if – or are told that – they have been dispossessed of the control over their own lives, whereas on the contrary nation states pooled part of their power so as to render it more effective. As long as pooling was effective, there was a tacit consensus about what Europe was for initially: peace and prosperity. No surprise people ask now why this common power is so ineffective and why nation states cannot take it back. That is why questions which Marc sees as a preliminary to constitutional engineering have to be answered prior to any attempt at designing a common body politic : « what Europe stands for, what is its *raison d'état*, and even its very *raison d'être* » ? They are defining questions in order to permit us to speak of a European citizenship. But clear answers are not enough. Never forget that the proof of the pudding is in the eating. Each answer has to relate to a tangible gain for every one of us.

What is the *raison d'être* of Europe? I agree with Marc's reference to the Enlightenment. We inherited security, freedom and government by the people from the English, American and French political revolutions. They are part and parcel of our European treasure. But I believe the legacy of the First Enlightenment is not enough to control markets and improve democracy so that they work for the good of all. Since the 1940s understanding of the systemic nature of biology, physics, computer science, neuroscience, cognitive science, psychology has made huge advances. And a Second Enlightenment is now underway in economics as well. If Europe succeeds in federating, it may produce a new political revolution and shape the future of the world. Complexity, networks, interdependence, diversity, hybridisation, cooperation will be some of the key words of that Second Enlightenment.

The *raison d'être* of Europe is to give Europeans **access to and a fair share in global commons** – a clean and safe global habitat and a sound and stable financial order. It resonates with the first item on Wolf's list, which requires an independent Europe in a world balance of interdependent powers, each the size of a continent, and a Kantian truce between them.

Marc is overtly talking of a European *ragion di stato*. This reference to Machiavelli is perfectly right. Today any reluctance to admit the need for a sovereign common polity means unwillingness to relinquish external national sovereignty to the **fully-fledged diplomacy and military** of a new polity. As soon as Europe has a common government, it will develop by itself its own and single *ragion di stato*. Allegiance to the common constitution and *jus soli* may be enough to define citizenship (« who is a citizen and who is not »). It means support for the new polity, and loyalty to it, within and beyond common borders. But the citizens' willingness to create new common powers to rule the territories of several previously separate countries « does not fall from the sky » (Spinelli). Citizens can feel committed to it only if such government provides common public goods, equal (and fairly balanced) rights and duties, and does not conflict with support for and loyalty to lower tiers of government – that is, does not encroach on their autonomies or dismiss their participation. The European *ragion di stato* mirrors the need for a multi-tier subsidiarity as exemplified by Wolf's third item on his list, as I understand it.

To highlight Marc's third point, the inclusive social compromise, let us say, to be clear, that it points to a reform of capitalism, similar to Wolf's second item or the general outline of our Manifesto. Neoliberalism leads to post-democracy and its main feature, the *Überwachungsstaat/état de surveillance/surveillance state*. Just like today, mainstream political thinking at the time of Machiavelli supported the oligarchy, and the Florentine prescribed a *stato popolare* based on the supreme authority of an assembly within which the people can participate in the conduct of public affairs in the city. « il numero grande serve a gastigare i grandi e l'ambizione de' ricchi » (*Sommario delle cose della città di Lucca*). Divisions among interest groups relate to family clans, patronage systems or financial monopolies, which Machiavelli calls *sette*. I am sensitive to this observation and the word itself because Spinelli (*Politica marxista e politica federalista*, 1941) based his critique of the Marxist dogma and his own analysis of post-war capitalism on the phenomenon of *sezionalismo*, born from the fact that an automatic and spontaneous harmony between particular interests does not exist. Spinelli, echoing Machiavelli, looked at *sezionalismo*, alongside nationalism and collectivism, as main obstacles to any democratic development.

The Continental Manifesto points in the right direction: it is consistent with views expressed by one of the most authoritative leading economic journalists in Europe, it matches the what-to-do prescription of an influential and innovative German social-democratic thinker and it does not in the least betray federalist political thinking as epitomized by its founders.

We can only agree with the final words of Marc's comment/contribution. The European social contract should give every citizen **a stake** (to begin with, enshrining the principle of a guaranteed income for everyone, no strings attached, in a draft constitution, is the most citizenship-making innovation), **a say** (inventing a constituent process along the line of Bernard Barthalay, *Projet de Manifeste pour un nouveau Congrès du Peuple européen (2006)*, to ensure that the next European polity is provided with a Constitution, the broad outline of which is designed by citizens, not diplomats), **an opportunity** (partaking in shaping effectively global public goods and getting a fair share of these instead of the raw end of the deal which a divided Europe would be reduced to).

Whether it ends (or not) in a European Republic may be seen as a constitutional issue, for the citizen-constituent to solve, but it should be seen as well as part of the required « narrative » to create the We-feeling (*Wir-Gefühl/sentiment du nous*) as stressed by Ulrike Guerot, in her *Warum Europa eine Republik werden muss ! - Eine politische Utopie*, 2016. Or just because, back to Machiavelli, a republic is the only system of government to guarantee equality of citizens, institute the public good and establish independence of the people.

(A French version is pending)