

The Protocol of Frankfurt: a new treaty for the eurozone

Book presentation by Andrew Duff

Tuesday 15th March 2016, Brussels
European Parliament

Andrew Duff's latest book, *The Protocol of Frankfurt: a new treaty for the eurozone*, was launched at the European Parliament in Brussels at an event organised by the Spinelli Group, the Union of European Federalists (UEF) and the European Policy Centre (EPC). [Guy Verhofstadt](#) (President of the ALDE Group in the European Parliament); [Danuta Hübner](#) (Chair of the European Parliament Constitutional Affairs Committee), and [Pervenche Berès](#) (MEP, member of the European Parliament Economic and Monetary Affairs Committee) spoke at the event.



Andrew Duff makes the case for seeing the problems faced by the European Union as an opportunity to achieve a radical change. Despite the other political priorities facing the EU at the moment, completing the Economic and Monetary Union remains essential to EU's future. A Frankfurt Protocol, to be added onto the existing Treaties, could re-engineer the Maastricht arrangements for the EMU to lead to a fiscal, economic and political union. The protocol would be applicable directly to the States of the eurozone and only indirectly to the non-euro States. It would aim to set up a constitutional framework for a proper economic government.

The eurozone would move from coordination of national economic policies to a European economic policy. The eurozone would have its own budget, at least the size of the current EU budget, to be used for investing in European public goods and for stabilisation purposes in times of financial or economic crisis hitting certain



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Member States. A position of Treasury Secretary with a significant fiscal capacity drawn from genuine own resources would be created. The residual executive authority in the field of the Economic and Monetary Union currently still held by the European Council or the Eurogroup would be concentrated in the European Commission. When addressing eurozone decisions, and particularly when voting on revenues and spending for a eurozone budget, only the Members of the European Parliament elected within the eurozone would be entitled to vote.



The content and the philosophy behind the proposals represent a rich contribution to the debate on completing the Economic and Monetary Union but challenges remain in their realisation, as highlighted in the interventions of the other panellists.

Guy Verhofstadt presented a possible road map to relaunch the project towards an economic and political union, starting from the proposals in three important reports being prepared by the European Parliament: a report on *“Improving the functioning of the European Union building on the potential of the Lisbon Treaty”* with co-rapporteurs E. Brok and M. Bresso, a report on *“Budgetary capacity for the eurozone”* with co-rapporteurs P. Berès and R. Böge, and a report on *“Possible evolutions and adjustments of the current institutional set up of the European Union”* with rapporteur G. Verhofstadt. All should be completed and voted by the European Parliament by the end of the year and may form the basis for the European Parliament’s proposal to convene a new Convention in the Spring of 2017 on the occasion of the celebration of the 60th anniversary of the Treaty of Rome. *“That’s where we will start our revolution,”* remarked Guy Verhofstadt



Creating a new governance structure for the eurozone remains key. The creation of a two-speed Europe (deplored by many) is in fact already a reality, whose formalisation would actually benefit both a ‘core Europe’, which could finally move towards a federal union, and those countries who prefer less integration.

Pervenche Berès highlighted that Andrew Duff’s proposal outlines a clear vision for Europe. The method of “petit pas” adopted so far has been detrimental and led to a situation where Europe “did enough to take the blame but not enough to take the credit”. The question of how to restore confidence among Member States and citizens, necessary to make the steps to complete the monetary union, remains crucial. A “code of convergence” as a requirement to join the benefits of a eurozone budget could be a tool. Convergence on taxation and social matters among eurozone Member States is important. A eurozone fiscal capacity should have a significant size to make a difference, at least similar to the size of the current EU budget, but some experts suggest it should be 2 or 3 times as large. It should be funded through own resources. It may take on a board part of



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the current role of the European Stability Mechanism. The European Parliament Economic and Monetary Affairs committee is working on a report on a fiscal capacity for the eurozone that will represent the Parliament's contribution to this debate.

Danuta Hübner claimed that differentiated integration should not be a concern and commended Andrew Duff for breaking the "taboo" about Treaty change. Nobody wants to admit it, but opening a process to change the Treaties is essential, not only to address the eurozone's future, but also other challenges facing Europe at a moment where the Union itself lacks the ability to act. Moving from coordination of national policies to a European economic policy is the shift of paradigm the eurozone needs. This transformation will require an overhaul of the eurozone's governance structure: the Council of the EU should relinquish its executive powers to the Commission and the very existence of the European Council should be questioned in a mature Union.

